

Bayside City Council

Annual Report

2019–2020



Acknowledgement of Traditional Owners

Bayside City Council respectfully acknowledges that the original inhabitants of this land that we call Bayside were the Boon Wurrung people of the Kulin nation and we pay our respects to their Elders past, present and emerging leaders. We acknowledge that they loved this land, they cared for it and considered themselves to be part of it. We acknowledge that we have a responsibility to nurture the land and sustain it for future generations.

Welcome to Bayside City Council's Annual Report

Contents

Statement of Purpose	3	Our people	31	Performance Statement	105
A message from our Mayor	4	Council staff	34	Service Indicators	106
A message from our CEO	7	Our Performance	38	Financial	
About this report	8	Goal 1: Infrastructure	39	Performance Indicators	108
Snapshot of Bayside	10	Goal 2: Transport	44	Sustainable	
Awards and Recognition	12	Goal 3: Housing and		Capacity Indicators	110
Highlights of the year	14	neighbourhoods	48	Other Information	112
Challenges	16	Goal 4: Open space	53	Certification of the	
The Future	17	Goal 5: Environment	56	performance statement	117
		Goal 6: Local economy			
Financial summary	18	and activity centres	60	Financial Report 2019-20	120
Operations summary	24	Goal 7: Community health	64	Certification of the	
		and participation	69	Financial Statements	122
Bayside Community Plan	25	Goal 8: Governance	74	Independent Auditor's Report	123
				Comprehensive	
Our Council	26	Corporate Governance	74	Operating Statement	125
Our councillors	28	Governance and		Balance Sheet	126
Council wards	30	Management Checklist	84		
		Audit & Risk		Glossary	186
		Management Committee	88	Abbreviations	187
		Bayside Arts Board Annual		Index	188
		Report (Section 86 Committee)	94		
		Other Management			
		Requirements	97		
		Statutory Information	99		

Bayside City Council ('Council') is committed to open and accountable governance, and this report of operations for 2019/2020 is just one of the ways we share information with the community about how we have made Bayside a better place.



Our purpose is to work with the community to make Bayside a better place. By setting out our commitments, and establishing what needs to be done to address these, we can, with the community, make Bayside a better place.

Statement of Purpose

Bayside City Council is constituted under the *Local Government Act 1989* to provide leadership and good governance to the municipal district and the local community.

Council's roles include:

- taking into account the diverse needs of our community in decision-making
- providing leadership by establishing strategic objectives and monitoring achievements
- ensuring resources are managed in a responsible and accountable manner
- advocating the interests of our community to other communities and governments
- fostering community cohesion and encouraging active participation in civic life.

Our purpose is to work with the community to make Bayside a better place. By setting out our commitments, and establishing what needs to be done to address these, we can, with the community, make Bayside a better place.

Our aim as an organisation is to:

- build and participate in partnerships
- demonstrate leadership to empower the community to achieve their aspirations
- adapt to challenges and changes in our internal and external environments
- advocate and influence decision-makers
- strive for organisational excellence and professionalism
- respond in a strategic manner
- actively engage with people
- deliver a range of appropriate and well-planned services.

We will also be accountable, strive for continuous improvement, and commit to being open and transparent.

Bayside City Council's vision is to work together with the community to make Bayside a better place. The Bayside vision is articulated within the Council Plan 2017–2021 and within the eight goal areas of liveability:



Infrastructure



Transport



Housing and neighbourhoods



Open space



Environment



Local economy and activity centres



Community health and participation



Governance

A message from our Mayor

It has been my great honour to serve as Mayor and I thank my fellow Councillors for their support during a year of unprecedented challenge on a global scale. I am proud of the way we as a community have faced the COVID-19 crisis with stories of our community clubs, groups and individual residents looking after one another in so many different ways.

Council acted quickly and effectively to respond to COVID-19, diverting staff and resources to support Bayside's most vulnerable residents, our traders, community groups and tenants. I thank all employees on their contribution throughout the pandemic and into the recovery beyond. Embracing change is a key to all of our success during these times.

While life pre-COVID-19 seems like the distant past, for me, the entire year was about a getting things done. We have taken big and small steps to shape the lives of our community into the future.

The declaration of a Climate Emergency represented an important milestone, laying the foundation for tangible local action to mitigate and adapt to climate change. This will help us to advocate to other levels of government and continues Council's commitment over many years to reducing the environmental impact of our operations, embracing renewable energy and achieving carbon neutrality.

The widespread support for our declaration illustrates the desire of many residents for local government to step up and do more. This was reflected in a petition to Council that led to the adoption of a smoking ban along our 17kms of foreshore and beaches and is a wonderful example of working together to take meaningful action.

The introduction of food and green waste recycling was another significant step taken jointly by Council and up to 80% of Bayside households. Our community embraced the change and their food waste now is composted saving 0000's of garbage truck trips to landfill sites on the other side of Melbourne.

The community's ambitious vision for one of the largest urban forests in Australia came to fruition this year with the adoption of a ten year masterplan for the Elsternwick Park Nature Reserve. The transformation of the 14ha former golf course into a biodiversity refuge is world leading.

Bayside's historic gender inequality in elected Councillors was confronted through the Changing Faces project. To fix this we need more women to consider running in the upcoming 2020 Council elections.

We also took tangible steps towards local reconciliation with the adoption of Bayside's first Reconciliation Action Plan and the second year of the Ellen Jose Reconciliation Awards for artwork by young residents.

This Council's record investment in community recreation infrastructure continued at pace, with new sporting pavilions, cricket nets and upgrades to sportsgrounds across the municipality. Our advocacy with the State Government and City of Kingston ensured new housing and shops will be built across the tracks at Cheltenham Station rather than a large uncovered trench as part of the Level Crossing Removal project.

Our longstanding campaign to acquire land for community use at the former CSIRO site in Highett took major steps forward with the settlement of the land sale. This has resulted in access to the community to 3ha of open space including the precious Highett Grassy Woodland.

This year also saw spirited community debate on the issue of protecting Bayside's heritage. With the confirmation of a ten year action plan to research, investigate and protect built heritage across all suburbs (including the important mid-century era), I am confident that the plan will provide a greater degree of education and certainty on the need and benefits of protecting Bayside's heritage.

Finally, I'd like to express my gratitude to the volunteer leaders of the 60+ community groups and clubs who took the time to meet with me as Mayor. Listening to their challenges and acting to ensure their important work continues results in Bayside being a better place for all.

I thank everyone in the community for their resolve, tolerance and perseverance during the pandemic and respectfully ask you all to continue the fight against this virus.

Cr Clarke Martin
Mayor Bayside City Council



I am proud of the way we as a community have faced the COVID-19 crisis with stories of our community clubs, groups and individual residents looking after one another in so many different ways.



This year, our research showed that Bayside residents are increasingly more satisfied with their Council than nearly all other Victorians.

A message from our CEO

This year really has been one of two halves – before COVID-19 and after. The pandemic has challenged us all to think differently, act quickly and prioritise what is really important.

I am exceptionally proud of how well the organisation has responded, with our people displaying flexibility, creativity and compassion to adapt Council's services to the pandemic environment.

Supporting the most vulnerable members of the Bayside community, particularly our elderly residents, was, and remains, a key focus. We diverted people and resources into critical areas such as in-home care, delivered meals and social outreach, delivering many of the activities traditionally undertaken by volunteers with Council staff.

Virtual events, elibrary services, online maternal & child health appointments, Facebook "Storytime", planning application video calls, telephone outreach and more were all quickly activated to keep our services operating and our residents connected.

Our pandemic response also featured assistance for local businesses facing significant economic impacts from COVID-19. The "Shop Local" campaign featured more than 500 local traders, encouraging our community to get behind the businesses that bring services, employment and vitality to our shopping villages.

The pandemic has resulted in a significant loss of income from fees, charges and fines for Council. Rising once again to the challenge, the organisation successfully identified a range of savings in our operating budget to minimise the impact on our long term financial position and ensure the continuation of our capital works investment program.

This positive response to COVID-19 was built on solid foundations established in the first half of the year.

We continued our longstanding commitment to greater sustainability, with the switch to renewable energy across our operations, introduction of food and green waste recycling and the joint procurement of an advanced waste facility in conjunction with other south east Councils as better a solution to landfill.

In 2019/2020, our accelerated capital works program has continued with a record \$62.2 million in upgrades including:

- new sporting pavilions at William Street Reserve and Elsternwick Park Oval 2 as well as several more in design or construction
- a major upgrade of Sandringham Library and Maternal Child Health Centre commenced and is set for completion in the coming year
- continued planning and design for major projects such as Elsternwick Park Nature Reserve, Dendy Street Beach Pavilion, Bayside Netball Centre and the Sandringham Masonic Hall
- new cricket nets at Brighton Beach Oval and Banksia Reserve and six new playgrounds across the municipality
- significant work along our foreshore to improve amenities for visitors and protect our precious coastal environment.

We also conducted extensive community engagement this year, seeking feedback on major projects including the development of the Bayside Climate Emergency Action Plan, Bayside 2050 Community Vision, Hampton Community Infrastructure and the future of Ricketts Point Teahouse and North Road Café.

By involving the community in Council decision making, we seek to achieve better outcomes. It is therefore terrific to see significant improvements in satisfaction with community consultation and engagement and trust/confidence in Council as reflected in our annual community satisfaction research.

This year, our research showed that Bayside residents are increasingly more satisfied with their Council than nearly all other Victorians. The positive momentum of previous years continued with 90% of respondents giving an average "very good" score of 7.3 out of 10, and almost half giving an 'excellent' rating of 8 or more out of 10.

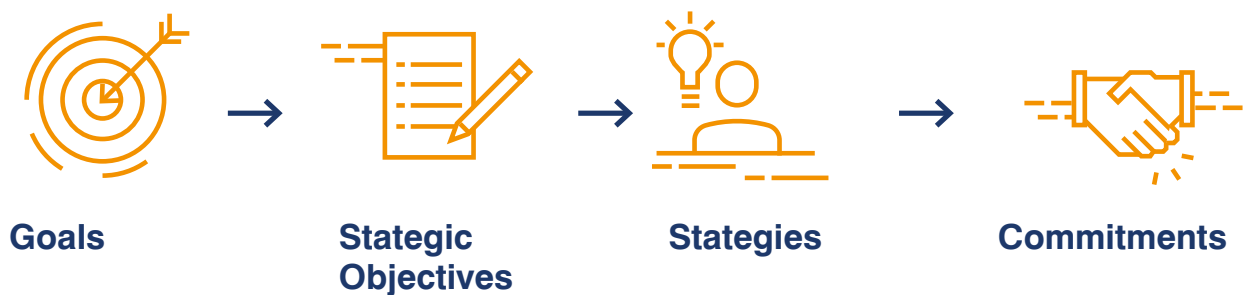
Despite the unprecedented challenges of this year, we have and will continue to deliver to our community. Our commitment is to strive to deliver extraordinary places, thriving communities, better future for all in Bayside – throughout the pandemic and into the recovery beyond.

Mick Cummins
Chief Executive Officer

About this report

The 2019/2020 Annual Report documents the performance against the strategic indicators and actions identified in the Council Plan 2017 - 2021 and the Budget 2019/2020. Both of these documents were adopted by Council in June 2019.

The diagram below depicts the structure of the Council Plan 2017 - 2021.



The Budget 2019/2020 defines the actions that contribute to the successful delivery of the Council Plan 2017–2021 during the financial year.

This Annual Report is divided into four parts:

- Report of Operations
- Financial Statements
- Performance Statement
- Indexes

The report on operations contains information about our community, our councillors, our organisation, our corporate governance responsibilities and, most importantly, how we perform throughout the year. The section on our performance is divided into eight goals of the Council Plan 2017–2021 adopted in June 2017.

The performance statements and financial statements provide detailed information that fulfils Council financial reporting requirements.

Indexes are also included for ease of reference to the content of this report.



The report on operations contains information about our community, our councillors, our organisation, our corporate governance responsibilities.

Snapshot of Bayside

\$2.5 million

Spent on footpaths and shared paths.



\$36.5 million

Spent on capital works parks, open spaces, streetscapes plus foreshore and conservation.



6,470

visitors to the Bayside Gallery.



585,690

Library collection loans.
2,154 inspections of food premises.

52

supervised school crossing.



17,093

Meals delivered.

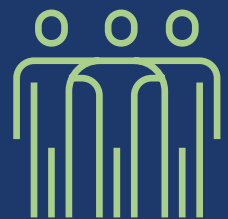


\$140,384

Worth of annual community grants, supporting

37

organisations and individuals.



96%

customer service requests actioned.



75,713 hours

Provided in home support for older and less-abled residents and their carers.



4 million +

Bins emptied last year.

42,241

tonnes of garbage recyclables & green.



42

Shopping areas
maintained.



78,937

Voters serviced in
3 wards.

2,840

downloads of Council's
online agenda papers.

1,220

Planning decisions.
1,010 community facility
bookings overseen.



**\$13
million +**

Spent on building
construction.

186

solar panels
installed.



**\$4.7
million**

Spent on
maintaining

371
local roads.



63,190

Park and street
trees cared for,
tended more than

46

Playing services/
sports facilities.

**315
hectares**

of open space, playing
fields, golf courses
and reserves.

1,213
trees planted.



8,685

Child health
consultations
were provided.

8,536
immunisations.



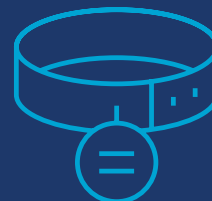
82%

Lost pets returned
to their owners.

**12,485 dogs
and 3,765 cats
registered.**

17

off leash
dog areas.



Awards and Recognition

Bayside Acquisitive Art Prize

While we received 486 entries for the 2020 Bayside Acquisitive Art Award the exhibition was postponed due to COVID-19. The work of the 42 finalists, which includes 7 local Bayside artists, will be exhibited in 2021.

Public housing

Partnering with a number of service organisations, Council delivered a series of community events at a local public housing estate. These played a major role in strengthening relationships between Council and the public housing residents.

Australian Reporting Awards

Bayside City Council received a Gold Medal for the content of the 2018/19 Annual Report as part of the Australian Reporting Awards.

National Volunteers Week

Council delivered an online National Volunteers Week celebration, due to the COVID-19 pandemic. The online celebration including videos of Council staff thanking volunteers for their efforts and photos of external community volunteer managers thanking their volunteers.

Flag-raising ceremony

In commemoration of Indigenous rights and reconciliation throughout Australia's history, and to raise awareness of the work that still needs to be done, Council conducted a virtual flag-raising ceremony as part of National Reconciliation Week. However due to the impacts of COVID-19 the raising of flags was undertaken on video and shared with the community on Saturday, 23 May 2020 via Council's website.

Built Environment Awards

Each year, Council presents the Built Environment Awards to showcase the expertise of building designers, encourage high standards of excellence within the municipality, and raise community awareness of design, landscape and heritage matters. In 2019/2020, ten major prizes and eight high commendations were awarded to recognise commitment to design excellence:

Best new building

High Commendation – 3 the Avenue, Hampton

Winner – 12 Bellaire Court, Beaumaris

Winner – 6 Coral Avenue, Beaumaris

Most creative design

High Commendation – Brighton Secondary College
120 Marriage Road, Brighton East.

High Commendation – 46 Dendy Street, Brighton

High Commendation – 6 Coral Avenue, Beaumaris

Winner – 12 Bellaire Court, Beaumaris

Best medium density housing dual occupancy and Multi-unit

High Commendation – 34 Elm Street, Brighton East

High Commendation – 2D Dendy Street, Brighton

Winner – 10-12 well Street, Brighton

Best renovation / extension

Winner – 9 Menzies Avenue, Brighton

Best heritage renovation or restoration

High Commendation – 104 South Road, Brighton East

Best Commercial Building

High Commendation – 2A Park Road, Cheltenham

Winner – Best Private Commercial Building:
46 Dendy Street, Brighton

Winner – Best Educational Commercial Building:
Brighton Secondary College

Winner – Best Public Commercial Building:
Foreshore Amenity, Jetty Road, Sandringham

Best Ecologically Sustainable Design

Winner – 30 Tennyson Street, Sandringham

Donald Fulton Award for Excellence in design

Winner – 12 Bellaire Court, Beaumaris.

Civic receptions

Individuals and community organisations contribute to life in Bayside in many diverse ways. Council formally recognised these contributions with a number of civic receptions including Australia Day, Carers' Week and Volunteers' Week.

Australia Day Awards

More than 200 people celebrated Australia Day 2020 at Council's Australia Day Awards Reception at Royal Melbourne Yacht Club on 26 January 2020. It was the third years a specific reception was held to acknowledge all nominations for the awards.

The following is a list of the various nominations in each category and the winner.

Australia Day Citizen of the Year

Winner – Reverend Bruce Corben

Australia Day Senior Citizen of the Year

Winner – Ralph Butcher OAM

Young Citizen of the Year Award

Winner – Emily Fairweather

Community Event of the Year

Winner – Highett Neighbourhood
Community House – R U Ok Day

Environment Award for an Individual

Winner – Derek Jones

Environment Award for a Community Organisation

Winner – Bayside Toy Library

Recognition of citizenship

Australian citizenship enables people to participate fully in our inclusive society, realise aspirations and achieve their full potential regardless of race, background, gender, religion, language or place of birth.

In 2019–2020, Bayside City Council hosted five citizenship ceremonies, as well as a special Australia Day 2020 ceremony at the Beaumaris Community Centre. During the year, Certificates of Australian Citizenship were presented by the Mayor to more than 550 residents, many of whom were supported on the day by relatives and friends.

In addition, due to Covid-19 an additional 125 virtual online citizenship ceremonies were conducted in a period of a month.

Letters under seal

Letters under seal are formal letters of Council.

In 2019–2020, one letter under seal was presented. On 10 November 2019, a letter under seal was presented to Cr Michael Heffernan in recognition of his term as Mayor for the 2018/19 Council year.

More than 200 people celebrated
Australia Day 2020 at Council's
Australia Day Awards Reception.

Highlights of the year

Infrastructure

A record \$62.2 million in upgrades to community infrastructure has delivered contemporary facilities for Bayside to enjoy for many years to come. This includes new sporting pavilions at William Street Reserve and Elsternwick Park Oval 2 as well as new cricket nets at Brighton Beach Oval and Banksia Reserve. A major upgrade of Sandringham Library, Maternal Child Health Centre and Masonic Hall commenced.

Transport

The municipal boundary between Bayside and Kingston was realigned at Cheltenham Station to facilitate greater protection and funding for Cheltenham Park as well as better connections for pedestrians across Park Road. Upgrades to footpaths, cycle paths and local roads across Bayside improved accessibility for residents of all abilities.

Housing and neighbourhoods

After decades-long advocacy by Council, the CSIRO land in Highett was sold and settled, with confirmation of the transfer of 3ha to Council for open space including the Highett Grassy Woodland. The voluntary mid-century modern heritage process resulted in eight private properties and 11 Council buildings submitted for heritage protection to the Minister for Planning while the confirmation of a ten year heritage action plan will provide a greater degree of certainty to protecting the important heritage places across the municipality.

Open space

Council adopted the Elsternwick Park Nature Reserve Masterplan as the first stage in the transformation of the former golf course into a unique natural oasis for biodiversity. A new smoking ban was implemented along our 17km of beaches and foreshore, with upgrades at Sandringham, Hampton, Half Moon Bay and Black Rock enhancing visitor amenities and preserving the highly valued coastal environment.

Environment

The declaration of a Climate Emergency galvanised Council and the community to drive vital adaption and mitigation activities in Bayside and beyond. More than 80% of households are now recycling their food waste following the introduction of Food and Green Waste Recycling, reducing the waste sent to landfill by approx. 1,650 tonnes. The joint procurement of an advanced waste processing facility in partnership with 15 other Councils will provide a greener alternative to landfill for Bayside's waste.

Local economy and activity centres

Support for local business was a key element of our response to COVID-19, with a strong "Shop Local" campaign and rebates for fees and permits. An ongoing program of upgrades in Bayside's shopping villages included Beaumaris Concourse, Brighton East, Church and Bay Streets. The new Bayside Business Excellence Awards held in conjunction with Bayside's five Rotary Clubs celebrated talented and innovative local businesses and the contribution they make to our municipality.

Community health and participation

Support for the community, in particular for our most vulnerable residents, was central to Bayside's response to COVID-19 pandemic. Bayside's second Men's Shed opened in Brighton, providing opportunities for activities to foster social connection and wellbeing. The Bayside Reconciliation Action Plan was launched to drive reconciliation and engagement with Aboriginal and Torres Strait Islander peoples including the second year of the Ellen Jose Reconciliation Awards.

Governance

An extensive engagement program gathered community input for the development of a Bayside 2050 Community Vision to guide future decision making by Council and the community. The Changing Faces project celebrated the contribution of women to Bayside and encouraged women to get involved in local democracy and the 2020 Australia Awards acknowledged the valuable contribution of outstanding members of our community.



Support for local business was a key element of our response to COVID-19, with a strong “Shop Local” campaign and rebates for fees and permits.

Challenges

The Bayside City Council faced a number of new and continuing challenges in 2019/2020, including:

- Ongoing challenges continue to present in the retention and recruitment of school crossing supervisors as a result of the retirement of what is predominantly an aging workforce within our school crossing staff, and the difficulty to attract new crossing staff.
- Responding to the Australian Government Aged Care and Disability Services Reforms. Council officers continue to monitor and respond to the changes being introduced by the Commonwealth Government in the aged care and disability services sector.
- Dealing with continuing uncertainty about climate change at the national and international levels continues to make defining a clear role for local government in climate change mitigation and adaption challenging.
- Changes in global recycling markets, triggered by China's new standards for recyclable material, saw the cost of processing kerbside recyclables increase significantly. Although Council continued to avoid sending recycling to landfill, the changes in global recycling markets resulted in unforeseen cost increases for Council and ratepayers.
- There is an ongoing concern about the timely protection of heritage places in Bayside. The challenge facing Council is effectively protecting places of heritages value within a statutory process where the Minister for Planning is the final decision maker.
- Council projects incurred significant delays due to third party approval processes, unforeseen variations, adverse weather and design or planning delays.
- Major infrastructure development by state and Federal Governments – across rail, road and building works – affected the availability of contractors who would typically undertake works for Council. Smaller contractors, who had previously tendered for Council works were engaged as sub-contractors for larger scale companies at higher rates. This resulted in fewer tender submissions and, in some instances, significantly delayed the ability to commence works.
- Finding the right balance between the community's desire to preserve local neighbourhood character, and responding to community aspirations stemming from population growth was a source of concern. This balance needed to consider the impact on amenity, housing affordability, and pressures from changing household demographics, which drove demand for diverse housing choices to support both an ageing population and young adults seeking to live in the area. In addition, revised population forecasts and state government planning rules continued to increase the requirements on Bayside to house an increasing population.
- The ongoing Statewide Cladding Audit led by the Victorian Building Authority will continue to have implications on Council resources with additional enforcement inspection and follow up action required to be carried out by qualified and skilled Building Surveying staff.
- The need to provide support and referrals for an increasing number of women are experiencing family violence increased.
- Recognising and responding to the changing role of shopping centre as not only places to shop but also as community meeting places and work spaces which are integral to sustaining neighbourhood life.
- Council's financial sustainability in a rate-capped environment needed to be preserved, primarily through a greater emphasis on advocating for state and federal government funding.
- The social and economic impacts of the COVID-19 pandemic are impacting all elements of Council's operations. This is requiring a major reallocation of resources to support our community through the crisis and resulting in a significant reduction in income.

The Future

Council is committed to continual improvement, and established a number of key initiatives with this in mind, including:

- Proactively use technology across a range of Council services and facilities to provide more efficient online options for customers.
- Ensure our service delivery through digital technology meets customer needs through sound research and seeking our community's input and testing of potential designs.
- Communicating the Bayside Community Vision with its community.
- Creating an environmentally themed area of passive open space respectful of flora and fauna and contributes toward flood mitigation and water quality.
- Being committed to retaining and enhancing the liveability of our municipality and looking at opportunities to enhance our planning policy framework in the future. Council's aim is to provide greater certainty to our community that it will deliver on this aspiration while meeting state government requirements, and recognising that Bayside has some of the most conservative planning controls in Victoria.
- Maximising the once-in-a-lifetime opportunity that arises for the transfer of land from the old CSIRO site to Council. This will assist future planning of community facilities to help meet the needs of Highett and surrounding areas.
- Ongoing focus on community building activities, including the provision of high quality facilities that support a range of important community services.
- Prepare for the upcoming 2020 Victorian Local Government general elections.
- Implement legislative requirements as a result of the 2020 Local Government Act to ensure Council is able to comply with its statutory obligations.
- We will continue to support our community through the COVID-19 pandemic and into the recovery phase. In particular Council will work to re-establish social connections to address isolation, provide support for local businesses, tenants and community groups impacted by the predicted economic downturn and ensure continued support for vulnerable residents



Financial summary

Efficiency

Council's financial position remains strong. A summary of our performance is outlined below. Detailed information relating to Council's financial performance is included within the Financial Statements and Performance Statement sections of this report.

Operating Position

Council achieved an operating surplus of \$14.055 million for the year which was (\$8.229) million unfavourable to the 2019-20 budget. This surplus is used to fund the Capital Works Program in line with Council's Long Term Financial Plan. The unfavourable variance to budget is due mainly to:

- \$3.998 million higher than budgeted developer contributions.
- \$1.163 million increase in statutory fees and fines compared to budget reflecting an increase in parking fine revenue due to increased patrols and fines issues.
- (\$1.117) million reduction in rental income mainly associated with the impact of COVID-19. The impact of the Victorian Government's *COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licences) Regulations 2020* resulted in the waiver and deferral of \$0.640 million. COVID-19 also reduced short term winter hire and winter allocation fees for sporting clubs and Community tenancy rentals by a further by \$0.140 million.
- (\$0.8) million capital grant funding for the Fern Street Childcare Centre is now expected in 2020/21.
- (\$5.540) million Net loss on disposal of property, infrastructure, plant and equipment assets sold or replaced as part of Council's capital works program
- (\$2.276) million increase in depreciation reflecting Council's increased investment in the accelerated capital program as well as the Buildings and Infrastructure Revaluations for Roads and Footpaths classes
- (\$0.836) million amortisation of Right of use assets as a result of changes to Accounting Standards which requires Council to recognise the right of use of leased assets on the balance sheet
- (\$1.675) million increase in the provision for doubtful debts reflecting the increased risk associated with the collection of outstanding club contributions, deferred commercial rental, and parking infringement debt in a COVID-19 environment.

The adjusted underlying surplus of Council after removing non-recurrent capital grants and cash capital contributions is a surplus of \$7.248 million or 5.44% when compared with adjusted underlying revenue. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$3.40 billion of community assets under Council's control.

Financial Impact of COVID-19

In March 2020, the World Health Organisation (WHO) declared COVID-19 a global pandemic. To reduce the spread of the virus, a series of public health measures were imposed across the World and in Australia. This included strict quarantine measures, restriction on domestic and international travel, a national wide call to work from home, and a significant level of reduced activity in both the economy and the community.

Council has created four principles to guide our pandemic response actions, including

- Continuing services to the community
- Meaningful employment for staff for as long as possible
- Staff health and wellbeing, and
- Sustainability of the organisation for the long term.

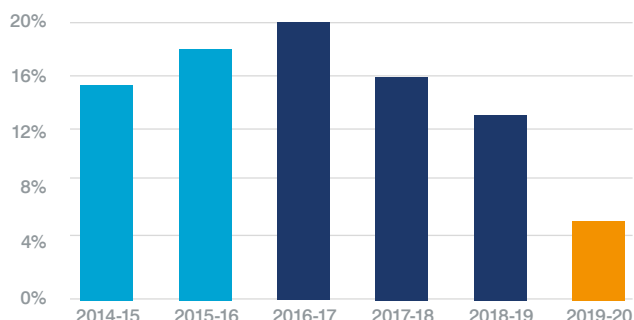
An assessment of the impact of COVID-19 on the 2019/20 financial year has been completed with a reduction in Other Revenue and increased expenditure totalling \$3.5M for the three months ending 30 June.

The material impacts include

- The impact of the Victorian Government's *COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licences) Regulations 2020* which resulted in a reduction of \$0.640 due to the waiver and deferral of rental income from commercial tenants.
- A reduction in short term rental hire and winter allocation fees for sporting clubs of \$0.110 million
- Council's decision to waive annual rental fees and outgoings for Community tenancies as a result of the impact of Covid-19. The rental amount waived attributable to the period March to June 2020 was \$0.03 million
- A reduction of \$0.440 million in revenue from Footpath Trading Permits and Food Registrations and Annual Health Licences as a result of Council's small business package support which provided a 50% refund for fees paid during the year.
- Reduction in discontinuance (sale of laneway) revenue \$0.200 million
- Reduction in Open Space revenue and Nursery Income \$0.280 million
- COVID-19 direct costs \$0.233 million
- Bad and doubtful debts increased by \$1.6 million due to increased risk of collectability of sporting club capital contributions, the deferral of rental income, and parking infringements.

The Council has a strong financial position, a robust financial framework, and has put in place measures to mitigate the financial impact including a reduction in discretionary spending and the suspension of the New Initiative program.

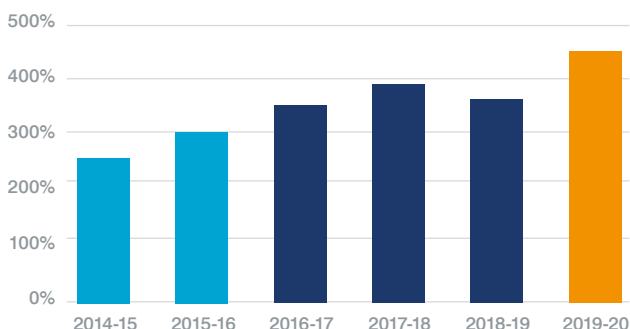
Adjusted underlying result ratio %



Liquidity

Cash and investments have decreased by \$2.13 million from the prior year mainly driven by the favourable operating and capital results for the year. The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities. Council's result of 458.5% is an indicator of a strong financial position.

Working capital ratio %



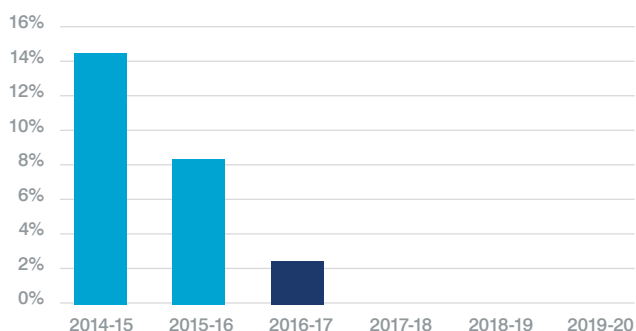
Obligations

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. Council invested \$36.50 million in capital works during the 2019-20 year, continuing Council's delivery on its accelerated capital program funded from a combination of Council rates, external funding and reserve allocations. Council remains debt free and this is reflected in the nil debt ratio measured by comparing interest-bearing loans and borrowings to rate revenue. Council's asset renewal ratio, which is measured by comparing asset renewal expenditure to depreciation, was 107.90% and reflects Council's accelerated capital works program.

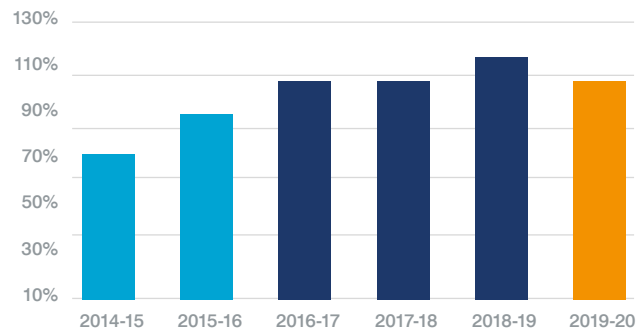
Stability and Efficiency

Council raises a wide range of revenues including rates, user fees, fines, grants and contributions. Despite this, Council's rates concentration which compares rate revenue to adjusted underlying revenue, was 73.6% for the 2019-20 year which is towards the top end of the expected target band of 30%-80%. The average residential rate per residential assessment is \$2,128 which compares equally to similar councils in the inner metropolitan area.

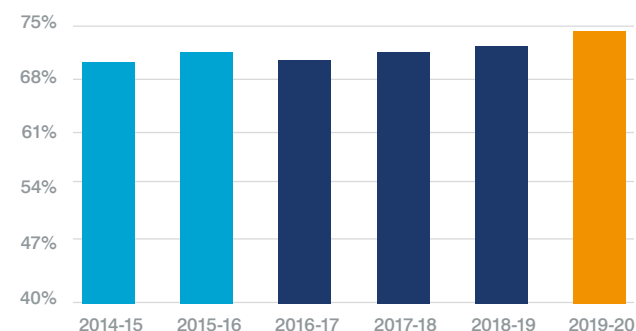
Loans and borrowing ratio %



Asset renewal ratio %

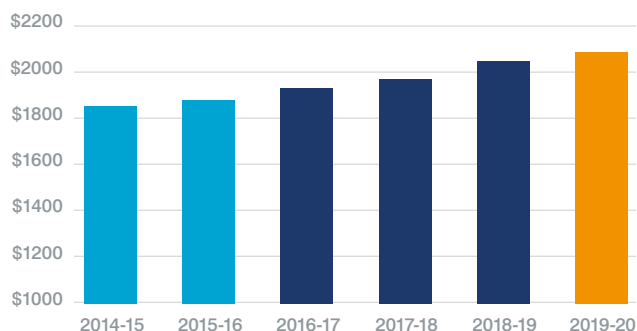


Rates concentration ratio %



Financial summary

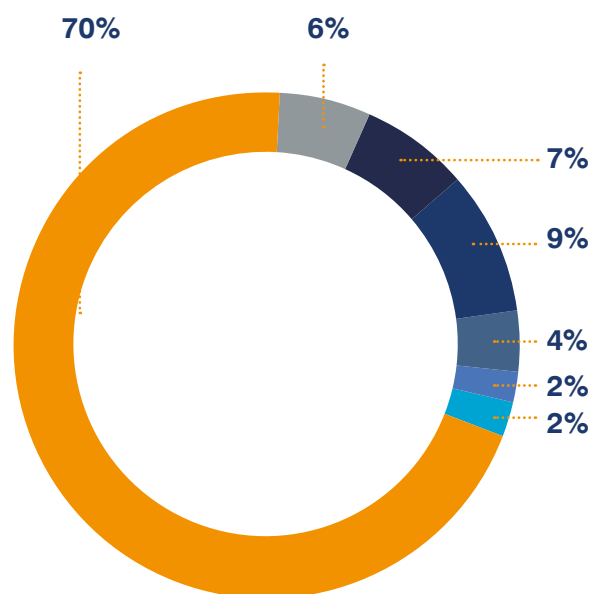
Average Rates per Residential Assessment



Where does the money come from?

Compared with most Councils, Bayside is heavily dependent upon rate revenues for its income. Rate revenue during the 2019-20 financial year made up 70 percent of total income and is due largely to the residential suburban nature of land use in our municipality. The following chart indicates Council's revenue streams.

- Rates and Charges
- Statutory fees and fines
- User fees
- Operating Capital Grants
- Rental Income
- Operating Capital Contributions
- Interest Income



Where does the money go?

Rates and charges collected by Council help fund more than 100 community services and programs and Council's capital program. For every \$100 of expenditure, Council delivers the following services:



Capital Works
\$27.9m



Roads & Drainage
\$14.6



Planning & Amenity
\$11.9



Parks & Leisure
\$11



Libraries, Art & Culture
\$4.2



Environment & Waste
\$10.4



Properties & Facilities
\$10.7



Aged Services
\$6.7



Family Services
\$2.6

For a breakdown of Council expenditure by service category see pages 43 - 73

Cost Shifting from state and federal governments

What is cost shifting?

Cost shifting from state and federal governments continues to be a major problem for local government in Victoria. Cost shifting occurs when other levels of government:

- fail to increase the recurrent grants to local government to match the increasing cost of providing services, eroding the grants real value
- introduce new taxes, levies or charges on services council provide
- shift responsibility for services to local government without providing the funding needed to discharge that responsibility
- introduce new laws or regulations that require councils to spend money on compliance
- restrict the increase in fees and charges for various services provided by councils to a level less than the increase in the cost of providing those services.

The major cost shifts in 2019/20 were as follows:

Type 1: Cost Shifting for Specific Services

- Library Services – the impact on Council for 2011/12 to 2019-20 was \$248k.
- Maternal and Child Health – the impact on Council for 2011/12 to 2019-20 was \$181k.
- School Crossing Supervision – the impact on Council for 2011/12 to 2019-20 was \$28k.

Type 2: Loss of funding

- A freeze on indexation of the federal financial assistance grants. The Commonwealth announced in its 2014-15 Budget that it will pause indexation of the total national pool of financial assistance grants to local government for three years (2014-15, 2015-16, 2016-17). The cumulative impact on Council for 2019-20 was \$372k.

Type 3: Statutory fee that prohibits full cost recovery

- Planning fees (set by the State and have been frozen for most of the past 17 years)
- Revenue foregone for 2019-20 is \$1.72 million if Council was permitted to fully recover the cost of providing planning services.

Type 4: Levies

- State Government landfill levy has increased from \$9 per tonne in 2008/09 to \$65.90 per tonne in 2019-20 (732% increase in 11 years). The levy paid by Council in 2019-20 was \$1.22 million.
- Animal registration levy – \$68k in 2019-20.

Rates and charges collected by Council help fund more than 100 community services and programs.

Financial summary

VAGO indicators

Indicator	Description	VAGO Target	Calculations	2019/20
Underlying result	A positive result indicates a surplus and the larger percentage the stronger the result.	Greater than zero	Underlying surplus/deficit	8.85%
	A negative result indicates a deficit. Operating deficits cannot be sustainable in the long term.			
	Net result and total underlying revenue is obtained from the comprehensive operating statement and is adjusted to take into account large one-off (non-recurring) transactions.		Underlying revenue	
Liquidity	This measures Council's ability to pay existing liabilities in the next 12 months.	Greater than 1:1.5	Current assets	1 to 6.13
	A ratio of one or more means that there are more cash and liquid assets than short-term liabilities.			
	Current liabilities have been adjusted to exclude those liabilities not expected to be settled within the next 12 months including employee provisions.		Current liabilities	
Indebtedness	Comparison of non-current liabilities (mainly comprised of borrowings) to own-sourced revenue. The higher the percentage, the less able councils are to cover non-current liabilities from the revenues they generate themselves.	Less than 40.0	Non-Current liabilities	1.44%
	Own-sourced revenue is used (rather than total revenue) because it does not include capital grants, which are usually tied to specific projects.		Own sourced revenue	
Self financing	Measures the ability to replace assets using cash generated by operations.	Greater than 20.0	Net operating cash flow	28.86%
	The higher the percentage the more effectively this can be done.			
	Net operating cash flows are obtained from the cash flow statement.		Underlying revenue	
Capital replacement	Comparison of the rate of spending on infrastructure, property, plant and equipment and intangibles with depreciation.	Greater than 1.5	Capital spend	1.80
	This is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option.			
	Cash outflows for property, plant, equipment, infrastructure and intangibles are taken from the cash flow statement. Depreciation and amortisation is taken from the comprehensive operating statement.		Depreciation	
Renewal gap	Comparison of the rate of spending on existing infrastructure, property, plant and equipment through renewing, restoring and replacing existing assets with depreciation. Ratios higher than 1:1 indicate that spending on existing assets is greater than the depreciation rate.	Greater than 1.0	Renewal and upgrade	1.05
	Similar to capital replacement, this is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option.		Depreciation	



By involving the community in
Council decision making, we seek
to achieve better outcomes.

Operations summary

Bayside City Council's services are fundamental to making Bayside a better place. Bayside City Council thanks staff members for their hard work and dedication, not only in providing the services but also for the many other internal and external functions they undertake. In 2019/2020, Bayside City Council services included:

Urban Strategy

- Economic Development
- Urban Strategic Planning
- Urban Design

Amenity Protection

- Local Laws & Parking
- Planning Investigations Appeals
- Environmental Health
- Animal Management
- School Crossings

Commercial Services

- Occupational Health & Safety
- Procurement
- Property Management
- Risk & Claims Management

Open Space, Recreation & Wellbeing

- Community Wellbeing
- Open Space Management
- Events, Recreation & Sports

Information Services

- Corporate Records
- Technology Support Services

Sustainability & Transport

- Environmental Sustainability
- Recycling & Waste Management
- Traffic Management & Transport Planning

Community Services

- Aged and Disability Services
- Families and Children
- Community Services Management
- Social Policy
- Youth Services

Finance

- Accounting
- Fleet Management
- Rates and Revenue

Governance

- Governance
- Corporate Reporting

Enterprise Project Management Office

- Enterprise Project Management Office

People & Strategy

- Strategy & Improvement
- People & Capability
- Payroll

Development Services

- Building Surveying
- Asset Protection
- Statutory Planning

Customer & Cultural Services

- Arts & Cultural Services
- Customer Experience
- Library Services
- Digital Transformation

City Assets & Projects

- Asset management
- Building & Infrastructure Maintenance
- Capital Projects Delivery
- Emergency Management
- Major Capital Projects

Communications & Engagement

- Communications
- Communication Engagement & Research

Bayside Community Plan

In 2016, more than 1,200 community members from a broad range of backgrounds participated in a variety of surveys, face-to-face discussions and online forums, to create the Bayside Community Plan 2025.

This consultation provided valuable insights into what residents value and what is needed to improve liveability and make Bayside a better place.

The structure of the Bayside Community Plan and the Council Plan is based on the “domains of liveability”, that is, what would make Bayside a great place to live, work and visit. These domains are drawn from the World Health Organisation’s *Age Friendly Cities Framework*, the *Community Indicators Victoria Data Framework*, and the University of Melbourne’s *Place, Health and Liveability Research Program*.

The Community Plan sets out the community’s vision for Bayside and the Council Plan 2017–2021 and is Council’s commitment to its community.

The eight goals within the Community Plan provide the foundation for what residents told us makes a healthy, happy community.

As shown in the diagram below, our planning framework directly informs the Council Plan including the Long-Term Financial Plan, and a range of Council strategies, plans and actions.



Our Council

Our community, our city

The area now known as Bayside was originally inhabited by the Boon Wurrung people of the Kulin nation. The coastal land from Brighton to Mordialloc is the traditional country of the Ngaruk William clan of the Boon Wurrung people.

Bayside City Council is located south of Melbourne, along Port Phillip Bay, which forms the western boundary of Bayside, while the Nepean Highway and the Melbourne to Frankston railway line forms most of the eastern boundary. The northern boundary, along Glen Huntley Road, is just eight kilometres from Melbourne's central business district. The city, covering an area of 37 square kilometres, comprises the former cities of Brighton and Sandringham, and parts of the former cities of Mordialloc and Moorabbin. Bayside City Council was created on 14 December 1994, and is home to more than 106,862 individuals, which has been steadily increasing for over a decade.

The City of Bayside is adjoined by the Cities of Port Phillip, Glen Eira and Kingston, and encompasses all or part of the suburbs of Beaumaris, Black Rock, Brighton, Brighton East, Cheltenham, Hampton, Hampton East, Highett and Sandringham.

Renowned for its quality of life, Bayside is characterised by unique and appealing villages, sandy beaches, coastal environments, lush parklands, quality residential areas, a vibrant arts scene and a proud, colourful history which is reflected in our heritage buildings and sites. As a council, our purpose is to work with our community to make Bayside a better place.

City Profile

Bayside City Council is diverse and very significant in terms of its historical and natural environment, and displays a number of characteristics, which make this city a place where the community wish to live, work and play.

Location

Bayside's natural environment, from the 17-kilometre stretch of sparkling coastline to the urban forest of our streets, is an important and valued asset. Preservation and enhancement works are completed each year to help maintain our natural environment and protect it from the impact of development, increased use and climate change.

Urban Amenity

Bayside is well known for its tree-lined streets, significant parks and open spaces, and its indigenous flora and fauna area. Bayside also is home to the iconic Brighton Bathing Boxes which attract a large number of visitors to the area every day.

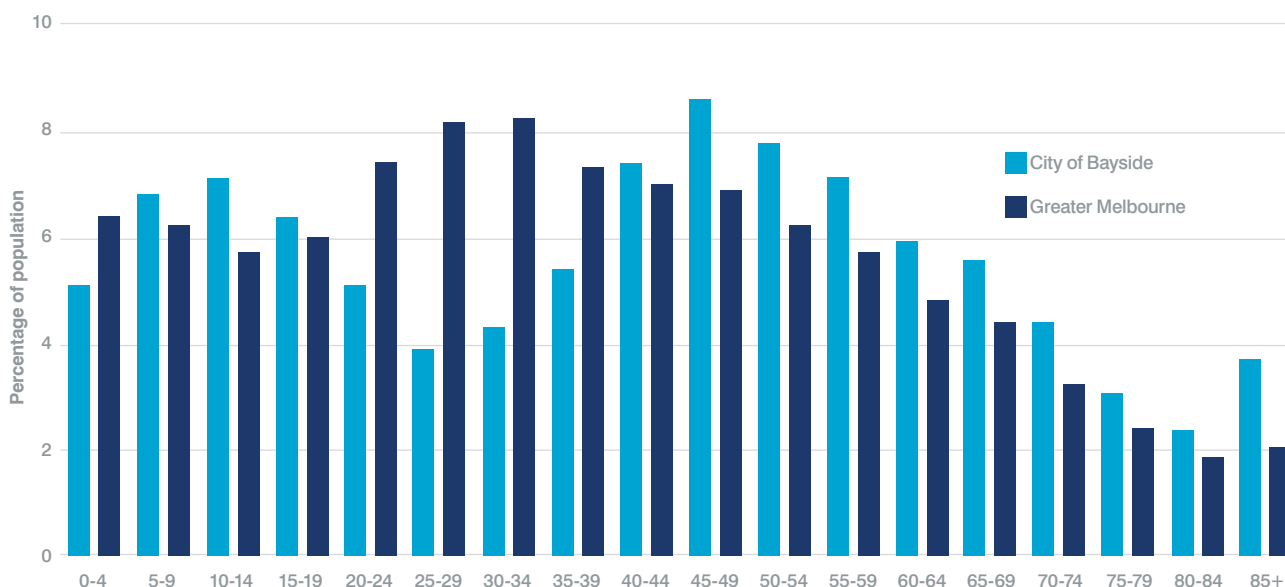
Population

The preliminary estimated resident population of the City as at June 2019 was 106,862 persons. Over the 2018/2019 period, the Bayside population increased by 1,117 persons (1.1%).

In the ten years from 2009 to 2019, the population increased by 12.6%, from 94,850 persons in 2009. Continued average population growth of 1.4% per annum is anticipated until 2021.

(Source: Australian Bureau of Statistics – Estimated Resident Population, i.d. Population Forecast).

Bayside residents increased from 42 years in 2011 to 44 years in 2016 due to the large increase in the number of residents aged 45 to 54 years and 65 to 74 years since the 2011 Census.



Ageing population

The population is ageing, and the city has a greater proportion of older people than the Melbourne average, with double the proportion of 'frail elderly persons' (those 85 years and over).

The Bayside age profile also differs to the broader Melbourne profile with significantly fewer young adults (age 18 to 34), fewer babies and infants, but more school-age children, older working-age adults, and seniors.

The 2016 Census found that the median age of Bayside residents increased from 42 years in 2011 to 44 years in 2016 due to the large increase in the number of residents aged 45 to 54 years and 65 to 74 years since the 2011 Census.

Births

Over the past decade, there have been around 972 birth notifications for Bayside per year. Fertility rates and number of births have been steadily decreasing over this period. In 2019/2020 there were 917 birth notifications in Bayside. The expected number of births in future years is currently being reviewed, in light of this trend.

(Source: Maternal and Child Health annual reports, i.d. Population Forecast).

The dominant household type in Bayside is family households – mainly couples with children, followed by older couples without children at home. The high cost of housing in Bayside makes it unaffordable for many young adults and families when they are first establishing themselves, but it is a highly desirable place to live for established families, and for people to remain as they age.

Cultural diversity

Bayside residents are predominantly (69%) born in Australia. The main overseas countries of birth are the United Kingdom, China and New Zealand. Eight out of ten Bayside residents speak English at home. The main non-English languages spoken at home are Greek, Mandarin and Russian.

(Source: Australian Bureau of Statistics, Census of Population and Housing).

Housing

The number of homes in Bayside is increasing. There are currently 42,603 dwellings, and this is forecast to increase to 49,600 by the year 2036. The number of one-person and two-person households is forecast to increase substantially over the next decade, with a smaller increase in family households.

The proportion of separate houses has fallen with the growth of flats, units or apartments and townhouses. Residential property prices have increased significantly over the past ten years. The median house price increased from \$1,050,000 in 2008 to \$1,850,000 in 2018. The median unit price increased from \$510,000 in 2008 to \$840,000 in 2018.

(Source: Department of Environment, Land Water and Planning, A Guide to Property Values, 2017).

Education and Occupation

People in Bayside are generally well-educated. The proportion of residents who have completed Year 12 schooling (or equivalent) is higher compared to Greater Melbourne.

In 2016, 39.1% of Bayside residents held a bachelor degree or higher qualification, compared to the Greater Melbourne average of 27.5%.

(Source: Australian Bureau of Statistics, Census of Population and Housing).

More than half of the Bayside's employed residents are professionals (33.7%) or managers (22.4%). This is a much higher proportion than across Greater Melbourne. These occupations, as well as community and personal service workers, are the fastest-growing occupations in Bayside.

(Source: Australian Bureau of Statistics, Census of Population and Housing).

Sport and Recreation facilities

Bayside's parks and bike paths encourage many local residents and visitors to enjoy the outdoors, whether through walking, cycling or pursuing other passive and active recreational activities. The municipality is home to four major yacht clubs and three first-class sand belt golf courses. Council provides a wide range of facilities to cater for the large number of sportspeople in the community. These include 139 parks, 61 playgrounds, 46 sports grounds, an aquatic facility, and 17 kilometres of shared bike paths.

Our councillors



Cr Clarke Martin

Southern Ward Mayor

M: 0466 356 805

E: cmartin@bayside.vic.gov.au

The City of Bayside comprises three wards represented by seven councillors. Northern Ward and Southern Ward elect two councillors each, while Central Ward is represented by three councillors. The Councillors were elected for a four-year term on Saturday 22 October 2016 and took an Oath of Office at the Annual Meeting of Council on Thursday 10 November 2016.

In 2019/2020, Councillors attended a total of 38 meetings, including the Annual Meeting, Ordinary Meetings, Special Meetings and Special Committee Meetings. Councillor attendance across the entire year was more than 93.2%. In those meetings, Councillors considered 397 separate items of business.

As well as formal meetings of Council, elected members represent the Bayside community through appointments to various external organisations.



Cr Laurence Evans OAM

Southern Ward Mayor
(July 2018 – November 2018)

M: 0407 735 993

E: levans@bayside.vic.gov.au



Cr Rob Grinter

Central Ward Deputy Mayor

M: 0407 735 993

E: rgrinter@bayside.vic.gov.au



Cr Alex del Porto

Northern Ward Councillor

M: 0417 390 641

E: adelporto@bayside.vic.gov.au

Role of Mayor

Each year, the Councillors elect a Mayor and Deputy Mayor, both of whom serve a 12-month term.

The role of the Mayor is to:

- lead, inspire and support the team of Councillors
- chair Council meetings, encourage Councillors to participate and work together, and enhance good governance
- promote civic pride and goodwill
- support and engage the community
- advocate on behalf of the community to other levels of government on key issues
- work with the Chief Executive Officer to ensure Council achieves its objectives.

During the reporting year of 2019/2020
Bayside City Council's Mayors were:

- Cr Michael Heffernan elected
8 November 2018 to 10 November 2019
- Cr Clarke Martin elected 10 November 2019 to current

Although the Mayor has no more authority than other Councillors, the position is a significant one as a community leader and Council spokesperson. The Mayor also performs important leadership, social and ceremonial functions and is chairman of all Council meetings.

Role of Councillors

Councillors play a critical role in ensuring responsible and accountable government. As the community's elected representatives, they are involved in determining priorities and policies, establishing the strategic direction of the municipality.



Cr James Long BM JP

Central Ward Councillor

M: 0400 828 688

E: jlong@bayside.vic.gov.au



Cr Sonia Castelli

Central Ward Councillor

M: 0466 356 794

E: scastelli@bayside.vic.gov.au



Cr Michael Heffernan

Northern Ward
(November 2018 – Current)

M: 0400 965 233

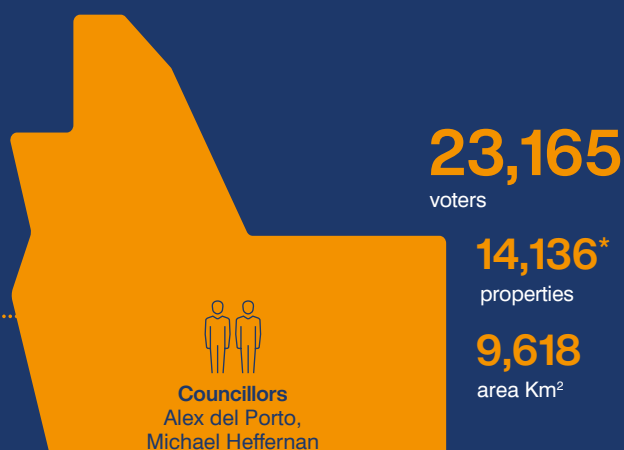
E: mheffernan@bayside.vic.gov.au

Council wards

Bayside City Council is divided into three multi-member wards which are represented by their elected Councillors.

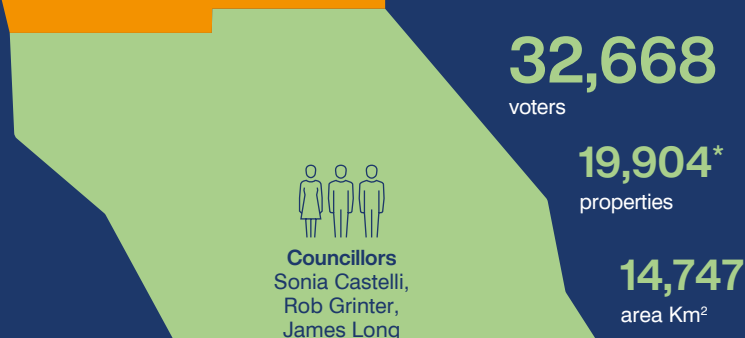
Northern Ward

Includes gazetted suburbs of Brighton North, Brighton, parts of Middle Brighton and Brighton East. **The Northern Ward** is bounded by Head Street, St Kilda Street and Glen Huntly Road in the north, the Nepean Highway, North Road and Thomas Street in the east, Marriage Road, Hampton Street and Dendy Street in the south, and the Port Phillip Bay foreshore in the west.



Central Ward

Includes suburbs of Brighton Beach, Hampton, Sandringham, Hampton East, Cheltenham, Highett, parts of Middle Brighton and Brighton East. **The Central Ward** is bounded by Dendy Street, Hampton Street and Marriage Road in the north, the Nepean Highway and the Frankston railway line in the east, Park Road, Reserve Road, Tulip Street, George Street, Bay Road, Bluff Road and Abbott Street in the south, and Port Phillip Bay foreshore in the west.



Southern Ward

Includes suburbs of Beaumaris, Black Rock and parts of Sandringham and Cheltenham. **The Southern Ward** is bounded by Abbott Street, Bluff Road, Bay Road, George Street, Tulip Street, Reserve Road and Park Road in the north, the Frankston railway line and Charman Road in the east, and the Port Phillip Bay foreshore in the south and west.



Our people

“As Bayside’s Executive Team, we will demonstrate leadership by working collectively and supporting each other. We will do this by building capacity and creating change so that individuals and the organisation can be the best they can be”. — Executive Team Purpose

Our organisational structure

Council is the governing body that appoints a Chief Executive Officer (CEO), who has responsibility for the day-to-day leadership of the organisation. The CEO, four directors and one Executive Manager form an Executive Leadership Team to lead the organisation.

Organisational chart



Our people

Senior Officers reporting directly to the Chief Executive Officer



Mick Cummins

Chief Executive Officer

Mick was appointed as Chief Executive Officer in July 2018, having held the position of Director Corporate Services since commencing at Bayside City Council in June 2012. Prior to this, he was General Manager Corporate Services at Frankston City Council. Mick has extensive experience across all facets of local government and, in particular, in the areas of finance, governance, organisational development, customer service and community services.



Kathryn Tozer

Executive Manager People & Strategy (Acting)

Kathryn Tozer is passionate about Local Government and the critical role it plays in connecting with customers and community. Kathryn joined Bayside City Council in 2012, with qualifications in Human Resources, Business and Management. Kathryn has worked in a variety of leadership roles throughout her career, including Information Technology, Finance, Human Resources & Customer Service. Kathryn has a proven track record as a goals driven, change agent, leading high performance & staff engagement to ensure Organisations deliver the best possible outcomes to the Community.

Areas of responsibility:

- Human resources
- Payroll
- Service Planning
- Organisational development
- Policy & Strategy development



Jill Colson

Director Corporate Services

Bachelor of Arts (Hons)

Graduate Diploma Human Resources and Industrial Relations

Master of Training and Development.

Jill joined Bayside as Director Corporate Services in November 2018 from her previous role as Executive Manager People and Governance at the City of Manningham. Jill has worked in both the public and private sectors and has over 20 years' experience in local government. She has extensive experience across the areas of governance, legal, people and change, risk, and corporate strategy.

Areas of responsibility:

- Information Technology
- Internal / External Auditing
- Governance & Reporting
- Financial services
- Project Management
- Commercial Services



Bryce Craggs

Director Community & Customer Experience

Master of Science
(Organisation Dynamics)

Graduate Diploma of Leadership
and Organisational Behaviour

Bryce was appointed Director Community and Customer Experience at Bayside City Council in December 2018. Prior to this, he held a variety of senior executive roles in local government, the water sector and the not-for-profit sector, as well as running his own successful strategy and organisational development consultancy. Bryce has extensive experience in the areas of strategy, organisational change, customer-centric thinking, social policy reform, advocacy and technological change.

Areas of responsibility:

Customer Service
Arts and culture
Libraries
Digital transformation
Community services



Adam McSwain

Director Environment, Recreation & Infrastructure

Graduate Diploma Accounting

Master of Business Administration

Master of Politics and Public policy

Adam is the Director Environment, Recreation and Infrastructure and commenced with Bayside in April 2020. Prior to this, he was the Chief Executive Officer at Edward River Council in NSW and has more than 12 years' experience in local government. Adam has extensive experience in the areas of project planning and delivery, recreation, sustainability and open space service provision and implementing across organisation change initiatives.

Areas of responsibility:

Environmental sustainability
strategy and programs
Recycling and waste services
Traffic management and
integrated transport planning
Recreation & Events
Open space and foreshore
management and maintenance
Community Wellbeing
Infrastructure management
and maintenance
Capital project management
and delivery



Hamish Reid

Director City Planning & Amenity

Bachelor of Science (Honours)

PhD (Environmental Toxicology)

Graduate Australian Institute
of Company Directors

Hamish joined Bayside in July 2017 from his previous role at South East Water. Hamish has more than a decade of executive-level experience, with his roles covering corporate strategy, customer service, digital transformation, economic regulation and communications and marketing functions.

Areas of responsibility:

Strategic land use planning
Statutory planning
Building services
Economic development
Local laws
Environmental health &
parking enforcement

Council staff

Bayside City Council is consistently striving to be a great place to work, with an engaged and skilled workforce. Bayside offers a high degree of flexibility in working arrangements to our employees with more than a third of our workforce working part-time and a fifth of staff using flexible working arrangements, including the purchase of additional leave.

Workforce permanent & fixed term positions

Please note that the Total figures for EFT is the approved EFT and the EFT figures by status is the current operating EFT.

*Permanent includes fixed term positions

	Casual Female		Permanent* Part-time Female		Permanent* Full-time Female		Casual Male		Permanent* Part-time Male		Permanent* Full-time Male		Total	
Division	Count	E.F.T	Count	E.F.T	Count	E.F.T	Count	E.F.T	Count	E.F.T	Count	E.F.T	Count	E.F.T
Corporate Services	1	0	11	7.16	22	22	1	0	1	.6	25	25	61	56.74
Community & Customer Experience	48	0	159	104.37	54	54	14	0	16	10.06	17	17	308	178.85
Environment, Recreation & Infrastructure	0	0	9	5.77	25	25	0	0	1	.8	28	28	63	57.83
City Planning & Amenity	8	0	31	10.39	37	37	7	0	28	6.27	55	55	166	114.01
CEO/People & Strategy	1	0	5	3.94	11	11	0	0	0	0	3	3	20	14.32
Total	58	0	218	131.63	149	149	22	0	46	17.73	128	128	618	421.75

Workforce by Age, Gender and Contract 2019-20

*Permanent includes fixed term positions

Permanent* Full-time		Permanent* Part-time		Casual		Total
Female	Male	Female	Male	Female	Male	
26	13	3	1	14	7	64
71	77	83	6	22	6	265
52	38	129	39	22	9	289
149	128	215	46	58	22	618

Overall, 68 per cent of employees at Bayside are female, with 67 per cent of Senior Officers being male. In October 2018 Council adopted an updated Equal Employment Opportunity policy which considers diversity, including gender.

Additionally, in June 2019 Council adopted its Women's Charter Action Plan, a plan which focuses on consolidating many of the strategic initiatives that Council currently undertakes, in addition to identifying new activities that support Council in delivering on the principles associated with the Local Government Women's Charter which are: Gender

Equity, Diversity and Active Citizenship. Some of the key measures associated with the Women's Charter Action Plan are: target quotas of 40% female, 40% male and 20% non-defined for Council's Senior Leadership Team; Including gender equity targets in the CEO Employment Matters Committee Charter targeting female candidates; providing Councillors with professional development focussed on gender equity, unconscious bias and bystander training; and encouraging female representation on Council by providing information sessions for women that highlight the benefits of being involved in local democracy and give greater insight into local government.

Lastly, in 2019/20 a working group was established to ensure a cross-council approach to ensuring our people's individual differences are valued in the organisation. The objectives of the group are to ensure:

- equal access, opportunity and treatment is fostered in matters related to recruitment, promotion and career development
- programs and initiatives are in place to actively promote diversity
- staff are provided with the information and training required for them to understand and comply with their obligations under the state and federal legislation that deals with equal employment opportunity and the prevention of discrimination, harassment, racial or religious vilification or victimisation
- staff are treated with respect and courtesy at all times
- there is zero tolerance of unlawful discrimination, harassment, racial or religious vilification or victimisation of and/or from our staff, contractors and volunteers; and
- the organisation is prepared for the introduction of the *Gender Equality Act in 2021* and there are policies in place that underpin our commitments

Our classification breakdown across the business is as follows:

Band Level	Female	Male	Total
Band 1	41	36	77
Band 2	60	9	69
Band 3	23	14	37
Band 4	78	18	96
Band 5	60	26	86
Band 6	64	38	102
Band 7	27	14	41
Band 8	16	22	38
Nurse	38	0	38
Senior Officer Contract	7	14	21
Junior	4	3	7
Other	4	2	6
Total	422	196	618



Council staff

Equal Employment Opportunity program

Bayside City Council restated its commitment to treating all people with dignity and respect, and to providing a work environment that is free from unacceptable conduct including unlawful discrimination, harassment, sexual harassment, victimisation, racial or religious vilification.

Further, Council is committed to taking positive action to ensure fair treatment of all employees, volunteers and contractors, consistent with organisational values and obligations under the *Equal Opportunity Act 2010* (Victoria).

Council will endeavour to ensure that its people-management practices provide for the equitable selection, assessment and development of employees, and will guide efforts to promote diversity and inclusion within the organisation.

This policy provides a guide as to what represents acceptable workplace conduct and highlights what may constitute unacceptable conduct.

This policy also provides information about the support and options available for dealing with any complaint, concern or problem associated with unacceptable conduct.

Other staff matters

Professional development

Bayside City Council offered a wide range of development from general specialist training to executive-level coaching. This included inductions, foundation-level courses, individual contributor and team leader training. Nearly 95 sessions were delivered throughout 2019/2020, a 50% increase on 2018/19.

A number of employees were provided with study assistance, which was directly related to formal qualifications associated with their role at Council, and contributed to increased knowledge, capabilities and service delivery for our community

Employee engagement

We aim to be a great place to work, with an engaged and skilled workforce. In September 2019, Council staff completed a pulse survey to understand the impact of our work on improving employee engagement. Whilst a pulse survey is shorter than our biennial survey, it still had 80% staff participation and provided an engagement score comparable to the 620 Australian and New Zealand organisations participating in the survey. From the moderate engagement zone in 2017, employee engagement rose to the top 25% of organisations in 2018 with a 70% engagement rate. In 2019, the engagement score was 73% which sees Bayside only 9 points from the best employers in Australia New Zealand (Aon/ Kincentric database).

Our strengths lie within our teams, including relationships with colleagues and supervisors. Our ongoing focus is to lock-in the increase in our engagement through a focus on cross-organisational collaboration and improving our approach to managing performance. Through locking in our employees' engagement, we'll continue to see the benefits of organisations in the top quartile that experience higher customer results; higher productivity; lower absenteeism; and lower turnover.

Employee Assistance Program

Council understands the importance of providing effective support services to staff. The Employee Assistance Program is a confidential and professional source of support which is accessible to all staff. Counselling and coaching sessions are private, short-term and solutions-focused.

Occupational Health and Safety

Bayside City Council is committed to a safe and healthy working environment for staff, contractors, visitors and members of the public who use our services and facilities.

Council continues to implement changes and improvements mandated by the self-insurance scheme and has delivered various aspects of compliance training on procedures to managers, supervisors and coordinators. These include legal requirements, change management, and risk management.

Bayside City Council's premium incurred a like-for-like increase of three per cent for the 2019/2020 period. In 2019/2020, four WorkCover claims were lodged and three accepted, and no significant breaches of OHS laws occurred

Internal staff surveys continue to provide strong results for perceptions of Safety and Wellbeing.

COVID-19 Health & Wellbeing Changes

Whilst Council had a well utilised wellbeing program, the pandemic created a significant shift in approach to delivery of health and wellbeing programs. Additional OHS Committee meeting have been held to advise on a number of changes directly related to COVID-19 Pandemic Response and working remotely.

Council rapidly moved to offering staff access to online webinars, live movement and meditation classes and downloadable resources to help support their mental and physical wellbeing as well as the physical dislocation from the workplace to remote working.

A Health & Wellbeing Working Group was formed and meets fortnightly to discuss the program, current challenges facing staff due to COVID-19 and helping the OHS Team with tasks to promote the program and overall staff wellbeing.

As part of the revised program following COVID-19 restrictions Council has undertaken assessment of 194 new remote working applications including support to improve ergonomic setups with chairs, screens and peripherals. Council had strong participation in a 10,000 step challenge and implemented a wellbeing staff hub for remote access.

Council prides itself on a collaborative, supportive and inclusive work environment in which staff are motivated to contribute and succeed. Our focus on work-life balance enables our employees to meet family and personal commitments, and is highly valued by staff as shown by the most recent employee survey.

Celebrating service

Bayside City Council is proud of the dedication of staff members and the contribution they make to the health and wellbeing of our community. A number of staff members have celebrated significant years of service to the organisation during 2019/2020:

- 36 employees were recognised for 5 years of service
- 26 employees were recognised for 10 years of service
- 15 employees were recognised for 15 years of service
- 9 employees were recognised for 20 years of service
- 4 employees were recognised for 25 years of service
- 1 employees were recognised for 30 years of service
- 2 employee was recognised for 35 years of service

Council prides itself on a collaborative, supportive and inclusive work environment in which staff are motivated to contribute and succeed.

Our Performance

Planning and Accountability Framework

The Planning and Accountability Framework is established within the *Local Government Act 1989* (the Act). The Act requires councils to prepare the following planning and reporting documents:

- a Council Plan within six months after each general election or by 30 June, whichever is later, and reviewed annually. The Council Plan 2017-2021 underpins and guides our work and actions
- a Strategic Resource Plan for a period of at least four years, to be included in the Council Plan
- a Budget for each financial year
- an Annual Report in respect of each financial year.

Know your Council

‘**Know your Council**’ – based on the Local Government Performance Reporting Framework – is a mandatory system of performance reporting introduced by the Victorian Government to ensure that all councils are consistently measuring and reporting on their performance. It comprises a set of performance measures and a governance and management checklist, which are included in this report.

For more information, and to compare Bayside to other Victorian councils, visit www.knowyourcouncil.vic.gov.au

Council Plan

This Annual Report documents the delivery of Council’s eight goals through a number of strategic objectives supported by activities detailed in the Council Plan 2017-2021 (2018 Review) and the Budget 2017-2018. The documents were adopted by Council in June 2018.

The following section details the performance of Council In 2019/2020, against the eight goals of the Council Plan 2017–2021. Progress is measured through the delivery of specific objectives set out in the Council Plan and other strategies, and activity progress is reported to Council on a quarterly basis and in the Annual Report.

Goal 1: Infrastructure

Goal 2: Transport

Goal 3: Housing and neighbourhoods

Goal 4: Open space

Goal 5: Environment

Goal 6: Local economy and activity centres

Goal 7: Community health and participation

Goal 8: Governance

How are we measured.

Our performance is report against each goal in five ways, these include:





1. Results of strategic indicators in the Council Plan.
2. Progress of the commitments to be undertaken during the year in the Council Plan.
3. Progress of major initiatives and initiatives in the Budget.
4. Performance of services funded in the Budget.
5. Results of prescribed service performance indicators and measures.



Goal 1: Infrastructure

Goal 1: Infrastructure

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

Bayside Council's infrastructure includes physical assets Council provides to deliver services to the Bayside community, such as underground drainage services, local roads, parks, reserves, pathways and buildings. Our research showed that community values seamlessly functioning infrastructure which is attractively presented and well maintained. The community wants facility locations to be spread across the municipality and conveniently placed for easy access, particularly community buildings, sporting grounds and playgrounds. Residents also want sporting facilities that are accessible and promote gender equity.

The key strategic documents that relates to this goal of liveability are:

- 'Active by the Bay' Recreation Strategy 2013–2022
- Buildings Service Driven Asset Management Plan 2016–2026
- Roads Service Driven Asset Management Plan June 2016
- Drainage Service Driven Asset Management Plan 2015
- Open Space Strategy April 2012

Strategic Objectives

- Is fit for purpose for today and into the future
- Is innovative, environmentally sustainable, and reflects the local character of the area
- Is safe, accessible, adaptable and is highlight utilised, providing high levels of value

Our Major Initiatives

Status

Complete the Sandringham Library redevelopment



Indicator: Completion of the redevelopment by 30 June 2020

Note: Sandringham Library Redevelopment

The Sandringham Library redevelopment which includes a Maternal Child Health Centre is nearing completion due to delays in materials. Expected completion day is August 2020.

Commence the construction of 12 outdoor Netball Courts in Sandringham



Indicator: Completion of netball courts by 30 June 2020

Note: Netball Courts project

Planning permit lodged in December 2019, however project has been deferred for further investigation of an alternative site.

Construction of three new public toilets as identified within the Public Toilet Strategy



Indicator: Complete the construction of three public toilets by 30 June 2020

Note: Public Toilets

Well Street public toilet designed but not installed Thomas Street public toilet has been re-scheduled to coincide with the construction of the Thomas Street Reserve playground Table Rock public toilet behind schedule due to site and accessibility constraints. Royal Avenue public toilet consultation completed only.

Complete the construction of four redeveloped pavilions



Indicator: Complete the construction of four developed pavilions by 30 June 2020

Chisholm Reserve pavilion – Completed
 William Street Reserve – Completed
 Elsternwick Park Oval 2 – Completed
 Destructor Reserve – Completed
 AW Oliver Reserve – Nearing completion

Performance against Council Plan commitments

In 2019/2020, Council progressed against nine non-financial actions.

Strategy	Action	2019/2020 result
Provide modern library services that meet the needs of the community	Complete the Sandringham Library Redevelopment	⊗
Develop upgraded and expanded facilities to meet the current and future needs of basketball and netball	Commence the construction of 12 outdoor Netball courts in Sandringham (subject to planning approval)	⊗ Deferred
	Seek funding commitment from State Government and other funding partners for the construction of 4 additional basketball courts at the Sandringham Family Leisure Centre	✓
Provide fit for purpose, modern multi-use facilities that are effectively utilised for our children's early years	Develop detailed construction plans for the Fern Street Integrated Children's Centre	✓
	Complete the refurbishment works at the Hurlingham Park Kindergarten	⊗
Plan for the future of recreation centres, senior centres, U3A and similar community facilities to ensure the assets meet future service needs and deliver strategies for renewal	Complete a business feasibility study and detailed site analysis for future hydrotherapy and/or warm water facilities	✓
	Complete the design phase for the Sandringham Masonic Hall redevelopment (subject to Heritage and Planning)	✓
Establish a plan for the future of the Sandringham Leisure Centre	Explore options for the future redevelopment of the Sandringham Family Leisure Centre	⊗
Meet community and visitor amenity needs in relation to the location, safety and quality of public toilets	Construction of the three public toilets at the following locations: <ul style="list-style-type: none"> • Thomas Street Reserve • Table Rock (replacement) 	⊗

The community wants facility locations to be spread across the municipality and conveniently placed for easy access, particularly community buildings, sporting grounds and playgrounds.

Goal 1: Infrastructure

Performance against Council Plan commitments

Strategy	Action	2019/2020 result
Upgrade recreation and sporting pavilions to provide female-friendly facilities and disability access, and to meet the identified needs of users	Complete the pavilion redevelopment at the following reserves: <ul style="list-style-type: none"> • Chisolm Reserve pavilion • William Street Reserve • Elsternwick Park Oval 2 • Destructor Reserve • AW Oliver Reserve 	✓
	Complete the design phase of the following pavilions: <ul style="list-style-type: none"> • Donald McDonald Reserve • Sillitoe Reserve • Elsternwick Park Oval 4 	✗
Provide safe and contemporary play facilities by upgrading playgrounds	Complete playground renewal as identified within the Playground Improvement Plan for 2019/20: <ul style="list-style-type: none"> • Redevelopment of Thomas Street Reserve Regional Accessible Playground 	✗
	Complete consultation and design phase for 8 playgrounds as identified within the Playground Improvement Plan for 2019/20: <ul style="list-style-type: none"> • Thomas Street Reserve Regional Accessible playground • Banksia Reserve playground • Ashwood Reserve playground • Old Dairy Reserve playground • Royal Avenue Reserve playground • Tjilajirrin Reserve playground • Landcox Park playground • Sandringham Gardens playground 	✗

Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain 100% of asset renewal and upgrade as a percentage of depreciation	Maintain 100% of asset renewal	114.32%	✓
Maintain community satisfaction with libraries	Maintain or improve years 3 target of 8.7 rating	8.5	✗
Maintain community satisfaction with recreation facilities	Maintain or improve years 3 target of 8.0 rating	7.8	✗
Increase in the number of new and retrofitted Council buildings to achieve Council sustainable Infrastructure Policy requirements in design and documentation	Minimum of 3 buildings to achieve sustainable design principles	5 buildings	✓
Improve community satisfaction with public toilets	Maintain or improve years 3 target from 7.04 to 7.25 rating	6.8	✗
Maintain community satisfaction score with Recreation and aquatic facilities, Art Centres and Local Libraries	Maintain or improve years 3 target for recreation and aquatic facilities 8.09 rating	7.8	✗
	art centres 8.00 rating	7.9	✗
	libraries 8.78 rating	8.5	✗
	sports grounds and ovals 8.2 rating	8.1	✗

Key Council departments

- Asset Management
- Building Maintenance
- Capital Projects
- Infrastructure Maintenance

The major services listed below contribute to the performance of Council objectives across the Infrastructure domain.





Service	Description	Net Cost Service Budget Variance \$'000
Asset Management	This service ensures the long-term, sustainable management of Council's infrastructure based services, a safe and efficient roads network, quality urban places and protection and advocacy of public assets.	1,644 1,448 (196)
Building maintenance	This service delivers ongoing building maintenance work to ensure Council buildings are accessible and safe and meet the needs of both Council and the Bayside community.	2,593 2,129 (464)
Capital projects	The service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.	3,132 3,274 142
Infrastructure maintenance	This service delivers maintenance work and improvements to Councils infrastructure and assets to meet the needs of the Bayside community	3,706 3,539 (167)



Goal 2: Transport

Goal 2: Transport

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

The Bayside community enjoys access to a variety of transport options and the convenience that this choice provides; however, this access varies across Bayside. Walking and cycling are preferred by our residents for exercise. Commuters value the frequent train services for work and education. Private cars are used by residents for distances more than a kilometre, for social and shopping trips, school drop-offs and pick-ups, and travel outside the municipality.

The Bayside community seeks safer and more convenient infrastructure for cyclists and pedestrians, seeks safer streets and less congestion in residential areas, and wants to encourage and improve public transport use and access. Car parking is also an important issue for Bayside residents, especially with commuters' parking in residential streets, and with the increasing numbers of multi-car families.

The key strategy that relates to this goal of liveability is the Integrated Transport Strategy 2018–2028. In 2019/2020 Council progressed against five of the actions as set out in the 2017–2021 Council Plan.

Strategic Objectives

- Where public transport is safe, frequent and connected to other modes of transport, such as bike or walking trails, to reduce the reliance on cars.
- In which a variety of transport options meet the needs of the community.
- With appropriate parking facilities at train stations and shopping centres that reflect shifting demand, such as increases in public transport use, electric vehicles and plans for the future of driverless vehicles.

Our Major Initiatives

Status

Complete identified actions within the integrated Transport Strategy

Commence the development of a municipal wide Parking Strategy



Explore the feasibility of installing recharging facilities in Council building for mobility scooters and vehicles



Improve cyclist and pedestrian safety along the Bay Trail

Maintain or improve community satisfaction with on and off road bike paths



Goal 2: Transport

Performance against Council Plan commitments

In 2019/2020, Council progressed against four non-financial actions.

Strategy	Action	2019/2020 result
Facilitate transport options to meet community needs	Complete the following activities as identified within the Integrated Transport Strategy: <ul style="list-style-type: none"> • Provision of Zebra crossings at roundabouts within Bay Street and Church Street Major Activity Centres • Commence the development of a municipal wide Parking Strategy • Explore the feasibility of installing recharging facilities in council buildings for mobility scooters and vehicles 	➤
	Implement the Church Street Shopping Centre Parking sensors	➤
Influence state government planning through advocacy for: <ul style="list-style-type: none"> • enhances bus routes through the Public Transport Victoria route review • increased commuter and bicycle parking including drop zones • Cheltenham Station redevelopment that meets community need. 	Implement an advocacy action plan for bus routes, commuter parking (including bicycle parking), and the Cheltenham station redevelopment	✓
	Advocate to VicRoads to provide connectivity of the bike path along Nepean Highway to connect to Southland	✓
Improve bicycle and pedestrian facilities to make cycling and walking more attractive options for short trips	Improve cyclist and pedestrian safety by upgrading high-risk zones on the Bay Trail Implement the bicycle strategy to: <ul style="list-style-type: none"> • Provide bicycle parking in public locations where there is an identified need, such as shops, libraries and sports clubs • Develop a network of well-connected bicycle routes • Enforce the state provision in the planning scheme to ensure the specified number of bicycle parking stations in new developments are delivered • Deliver the 2019/20 Active Transport Facility Improvement Program 	➤

Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Increase community satisfaction with on and off-road bike paths	Maintain or improve years 3 target from 7.49 to 7.75 rating	7.5	✓
Increased number of people travelling to work by bike	Year 4 – 840 Cyclists	Unable to measure	⊖
Maintain community satisfaction with Council's advocacy for better bus routes, sufficient commuter parking, and developments around stations.	Maintain or improve years 3 target over 6.37 rating	7.2	✓
Increase community satisfaction with availability of parking on residential streets	Maintain or improve years 3 target over 6.04 rating	6.1	✓
Increase community satisfaction with the availability of parking around shopping strips	Maintain or improve years 3 target from 5.69 to over 6.0 rating	6.1	✓

Key Council departments

- Local Laws (including parking control)
- Traffic and Transport

The major services listed below contribute to the performance of Council objectives across the Transport domain.





Service	Description	Net Cost Service Budget Variance \$'000
Local laws (incl. parking and appeals)	This service protects the safety and amenity of our community through the provision and administration of relevant laws and regulations, parking enforcement services and community education for those who live, work and visit Bayside.	(3,289) (2,965) 324
Traffic and transport	This service works to deliver a transport system meets the needs of the community through well-connected, safe, accessible and convenient transport options that positively contribute to a strong economy local amenity, the health and wellbeing of the community and a low carbon future.	683 755 72



Goal 3: Housing and neighbourhoods

Goal 3: Housing and neighbourhoods

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

Bayside Council's community values the benefits of living in Bayside, whether it is raising a family, enjoying retirement or finding independence as a young person. Residents enjoy Bayside's proximity to Melbourne, supported by the network of roads and public transport that provide convenient and easy access. Bayside residents have a strong desire to see neighbourhood character preserved, with development that is sympathetic or responsive to the natural environment.

As Bayside's population increases, the community is keen to see these qualities enhanced and protected. These qualities vary across Bayside, with residents strongly identifying with the individual character of their local area.

The key strategic documents that relate to this goal of liveability are:

- Municipal Strategic Statement
- Housing Strategy 2012–2032

Strategic Objectives

- Where significant development is directed to specified and planned activity centres and strategic locations, providing a transition to surrounding residential areas and incorporating improved infrastructure and open space.
- Where neighbourhood character, streetscapes and heritage are respected and enhanced, and the community has a strong connection to place.
- With village-style activity centres, combining retail at ground floor with increased opportunities for apartment-style living above.
- Where development contributes to a high visual amenity, is ecologically sustainable, demonstrates high quality compliant design, and responds to the streetscape and neighbourhood context.
- Where a range of housing types are provided to accommodate the changing needs of the community, enabling people to age in place and providing opportunities for young adults and families to live and remain in the municipality.

Our Major Initiatives

Status

Continue to advocate for Council's planning and urban design decisions, including stronger planning tools to provide certainty



Increase Council and delegate planning decisions upheld at VCAT (Target 60%)

Complete the review of the Council's Housing Strategy



Council adoption of the Housing Strategy by June 30 2020

Goal 3: Housing and neighbourhoods

Performance against Council Plan commitments

In 2019/2020, Council progressed against eight non-financial actions.

Strategy	Action	2019/2020 result
Make discretionary planning controls for Council's planning and urban design objectives to state government	Review and update the Housing Strategy	✓
	Review of the Neighbourhood Character and Residential Design Policy Framework	✓
Develop and review structure plans to ensure localities are developed in line with Council's Housing Strategy	Translate the recommendation of the Pennydale and Highett Structure Plans into Planning Scheme Policy to be exhibited and tested through a Planning Scheme Amendment process	✓
Implement improvements to the service, quality, efficiency and communication of Council's planning permit assessment service to enable prompt assessment of applications that comply with development controls	Complete the implementation of an effective and efficient development application process that facilitates greater certainty for applicants and objectors and encourages compliance with development controls	➔
Improve housing affordability (including social housing) and diversity of housing to meet the needs of various life stages through advocacy	Implement the advocacy action plan to improve housing affordability and social housing options	✓



Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain community satisfaction with Council's advocacy for a planning system that provides certainty for Bayside's residents	Maintain or improve years 3 target over 6.10 rating	7.1	✓
Increase Council and delegate planning decisions upheld at VCAT	Years 3 Target 60%	64.4%	✓
Maintain community satisfaction with appearance and quality of new developments in their area	Maintain or improve years 3 and 4 target from 5.64 to over 6.0 rating	6.6	✓
Increase community satisfaction with the guidance available from Council policies and controls	Maintain or improve Years 2 to 4 target from 5.80 to 6.0 solid rating	6.8	✓
Increase community satisfaction with planning with population growth	Maintain or improve years 3 target from 6.04 rating	6.7	✓
Increase community satisfaction with the guidance available from Council Policies and controls	Maintain or improve years 3 target from 5.80 to over 6.00 solid rating	6.8	✓
Planning applications decided within 60 days	Years 3 target – 70%	77.85%	✓
Average time taken to decide planning applications	Years 3 target 65 days	55.5 days	✓
Increase community satisfaction with Council's advocacy for increasing the supply of social and affordable housing in Bayside	Maintain or improve years 3 target from 5.76 to over 6.00 solid rating	6.8	✓

77.85% of planning applications are decided on within 60 days.

Goal 3: Housing and neighbourhoods

Key Council departments

- Building Surveying (including Asset Protection)
- Investigations
- Statutory Planning
- Urban Places Design
- Urban Strategic Planning

The major services listed below contribute to the performance of Council objectives across the Housing and Neighbourhoods domains

Service	Description	Net Cost Service Budget Variance \$'000
Building surveying (incl. asset protection)	This service provides statutory building and asset protection services to the Council and the community including assessment and processing of report and consent applications, enforcing buildings acts, regulations and local laws to ensuring compliance of buildings, structures, pools. This service also ensures Council assets are protected.	(786) 76 862
Investigations	This service protects and enhances Bayside's neighbourhood amenity, natural environment, built form and heritage places while maintaining public safety through seeking compliance with the use and development of land as prescribed in regulations; supporting local businesses to provide safe and accessible footpath trading; assessing vegetation control and tree removal applications.	715 837 122
Statutory planning	This service provides statutory planning for the community through exercising acts and regulations, protecting neighbourhood and landscape character, determination of planning applications and requests, planning for the future of Bayside through implementation of the Bayside Planning Scheme, as well as providing a General Information Service.	1,916 2,053 137
Urban places design	This service provides high quality, comfortable, attractive, vibrant and unique urban places that are the hubs of our community that people are proud of, foster economic prosperity and exchange to improve social wellbeing and connection.	243 271 28
Urban strategic planning	This service prepares policies and strategies relating to land use planning and development issues. The service monitors the Bayside Planning Scheme as well as preparing major policy documents shaping the future of the city. It also prepares and processes amendments to the Bayside Planning Scheme and carries out research on demographic, urban development, economic, environmental and social issues affecting Council.	1,467 1,661 193



Goal 4: Open space

Goal 4: Open space

Key

- ✓ Completed / Achieved
- ✗ Not completed / Not achieved
- On-going
- ⊖ Unable to measure

Overview

Open space is one of the key attractions for our residents living in Bayside. Our open space includes more than 17 kilometres of coastline that is highly valued by our community. Bayside residents appreciate our parks and gardens for leisure and recreation, and the opportunities they provide for tourism, celebrations and other events.

The key strategy that relates to this goal of liveability is the Bayside Open Space Strategy 2012–2032.

Strategic Objectives

- The foreshore is protected, beaches are clean and accessible and competing interests are balanced.
- We have a mix of quality formal and informal recreation space and bushland that are well used, connected and distributed across the municipality.

Our Major Initiatives

Status

Development of a masterplan for the Elsternwick Park Nature Reserve

Council adoption of the Elsternwick Park Nature Reserve masterplan by 30 June 2020



Complete the sportsground reconstruction at Sillitoe Reserve

Reserve reconstructed by 30 June 2020



Complete the sportsground reconstruction at Donald MacDonald Reserve

Reserve reconstructed by 30 June 2020



Secure 4 hectares of open space at the CSIRO site

Successful transfer of ownership of 4 hectares of open space to Council by June 30 2020



Complete site investigations and implement short term management measures for the protection of the Highett Grassy Woodland.

Complete investigations and secure the Highett Grassy Woodland by 30 June 2020



Performance against Council Plan commitments

During 2019/2020, Council progressed against six non-financial actions.

Strategy	Action	2019/2020 result
Protect and ensure the quality of our open space, including beaches and foreshore	Develop a masterplan for the Elsternwick Park Nature Reserve	✓
	Continue the implementation of the identified actions within the adopted foreshore masterplans:	✓
	• Brighton Beach to Ferdinando Gardens	
	• Sandringham Beach and Gardens	
	• Royal Avenue Municipal Reserve	
	Complete the reconstruction at Sillitoe Reserve	✓
	Complete the sportsground reconstruction at Donald MacDonald Reserve	✓
Encourage the planting of local indigenous vegetation	Undertake data research to support development of an Urban Forest Strategy	✓

Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain community satisfaction with the appearance of the beach and foreshore, including bushland	Maintain or improve years 3 target from 7.90 rating	7.9	✓
Maintain community satisfaction with the provision and maintenance of parks, reserves	Maintain or improve years 3 target from 8.1 rating	8.1	✓

Key Council departments

- Open Space

The major service listed below contributes to the performance of Council objectives across the Open Space domain.





Service	Description	Net Cost Service Budget Variance \$'000
Open space	This service develops open space planning and policy. It also provides quality services in open space management, tree management and foreshore cleansing.	10,783 10,336 (447)



Goal 5: Environment

Goal 5: Environment

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

The Bayside community expects to live in a place where the air, water and land are free from contaminants and pollutants. Our beaches and foreshores are our most valued environmental asset, and their protection and maintenance a first-order priority for our residents. There is also a strong desire to protect the biodiversity within marine reserves and along the foreshore, and in bushland and heathland reserves. Preserving Bayside's tree canopy and vegetation is profoundly important to the community, especially for residents who live close to developing areas.

The key strategy that relates to this goal of liveability is the:

- Environmental Sustainability Framework 2016–2025.

Strategic Objectives

- Erosion is minimised and managed on our foreshore cliffs and beaches.
- Our environmental impact is decreased through reduced community waste and efficient water and energy usage in Council operations.
- Council and the Bayside community leads the way in environmental citizenship.
- We protect and enhance Bayside's tree canopy and vegetation on public and private land.

Our Major Initiatives

Status

Implementation of the Food Organics and Garden Organics (FOGO) for properties with green organics bin



More than 80% of residential properties able to participate in FOGO 2021

Goal 5: Environment

Performance against Council Plan commitments

In 2019/2020, Council progressed against nine non-financial actions.

Strategy	Action	2019/2020 result
Influence state and federal governments for improved responses to climate change, aimed at reducing impacts such as foreshore erosion, beach replenishment and bay health	Actively participate in the Association of Bayside Municipalities, and advocate to DELWP to encourage projects and funding to improve the health of the Bay	✓
Reduce the Bayside's community's volume of percentage of waste that goes to landfill	Progress the establishment of an alternative waste processing facility in Melbourne's south east in collaboration with the Melbourne Metropolitan Waste and Resource Recovery Group and other councils in the region	➔
	Implement Food and Green Waste service for those properties in receipt of a garden organic's bin and educate the community and encourage others to opt in to this service prior to 30 June 2020	✓
Reduce energy and water consumption in Council's operations and improve the management of stormwater and water quality	Develop stormwater quality improvement opportunities when developing the Elsternwick Park Nature Reserve Masterplan	✓
Achieve carbon neutrality by 2020	Install energy efficient and renewable energy initiatives at 4 Council buildings each year	✓
	Participate in a power purchase agreement for renewable electricity for contestable public lighting and relevant Council buildings	✓
Protect the unique ecological and environmental value of Ricketts point	Deliver the Summer by the Bay series to encourage ecological awareness	✓
	Continue advocating on behalf of Marine Environment Science & Community Centre Inc for the development of an Educational Centre at Beaumaris Yacht Club	✓

Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain community satisfaction with Council's advocacy protecting Port Phillip Bay and limiting coastal erosion	Maintain or improve years 3 target from 7.10 rating	7.3	✓
Maintain community satisfaction with waste and recycling services	Maintain or improve years 3 target for Rubbish 8.8 rating	8.7	✗
	Maintain or improve years 3 target for Recycling 8.6 rating	8.4	✗
Increase the amount of energy from renewable sources for Council operations	Target 30% increase from 2012/13 by 2030	To date increased by 4951%	✓
Maintain community satisfaction that Council is meeting its environmental responsibilities	Maintain or improve years 3 and 4 target from 7.30 rating	7.6	✓
Reduction of total Council greenhouse gas emissions	Years 3 – 4 Target – 5% Annual Reduction	9%	✓
Maintain community satisfaction on the provision and maintenance of street trees	Maintain or improve years 3 and 4 target over 8.74 rating	7.4	✗
	Increased attendance to the Summer by the Bay Series	300 people across 10 events	✓

Key Council departments

- Environmental Sustainability
- Recycling and Waste Management

The major services listed below contribute to the performance of Council objectives across the Environment domain.





Service	Description	Net Cost Service Budget Variance \$'000
Environmental Sustainability	This service develops environmental policy and provides sustainability initiatives for the Bayside community.	807 848 41
Waste management	This service provides quality waste collection and waste minimisation education for the Bayside community.	13,171 12,809 (362)



Goal 6: Local economy and activity centres

Goal 6: Local economy and activity centres

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

Bayside residents want a thriving local economy that provides employment and opportunities for recreation and entertainment during daylight and evening hours. Such an economy depends on several factors, including support for local businesses, a mix of commercial enterprise and easy access for residents and visitors. Residents value their neighbourhoods and their local businesses and want to retain the character of each activity centre.

The key strategic documents that relate to this goal of liveability are:

- Municipal Strategic Statement
- Retail, Commercial and Employment Strategy 2016–2031.

Strategic Objectives

- Shopping villages are vibrant, attractive and interesting places where the community comes together, providing a variety of innovative, dynamic and convenient services.
- Shoppers and visitors feel safe in local shopping strips, both day and night.
- Local opportunities for business and employment are protected and enhanced, and opportunities for economic innovation are embraced.
- Access to transport options is convenient and parking encourages local shopping.

Our Major Initiatives

Status

Implementation of the Beaumaris Concourse masterplans

Completion and launch of streetscape works at Beaumaris Concourse



Facilitate the installation of Street Art in Sandringham Village and Church Street Shopping Centre

Street art installations completed at both locations by 30 June 2020



Commence the Dendy Street Beach Masterplan including the lifesaving pavilion (subject to VCAT approval)

Planning approvals for the Dendy Street Beach Project by June 30 2020



Note: Dendy Beach Redevelopment

The redevelopment is on hold pending an appeal to the Supreme.
A decision is expected in early 2021

Goal 6: Local economy and activity

Performance against Council Plan commitments

Council progressed against eight non-financial actions.

Strategy	Action	2019/2020 result
Provide engaging and attractive public places in shopping streetscapes	Implement the Beaumaris oncourse Masterplan	✓
	Complete the detail design phase for the Sandringham Village Masterplan	✓
	Facilitate the installation of Street Art in Sandringham Village and Church Street shopping centres	✓
Manage and promote public safety amenity	Implement initiatives within the Graffiti Management Plan 2018	➤
Supporting the Bayside Business District and activity centres to become hubs for innovation and technology development	Review and adoption of the Economic Development Strategy and Tourism Strategy	➤
Improve tourism access to Dendy Beach to strengthen economic, social and environmental returns from the foreshore	Develop a plan for the Brighton Beach Station precinct that improves visitor access to Dendy Beach	✓
	Commence the Dendy Street Beach Master plan improvements, including the new lifesaving pavilion (Subject to VCAT approval)	✗



Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain community satisfaction on the cleaning of strip shopping centres	Maintain or improve years 3 target over 8.68 rating	7.7	⊗
Maintain community safety by the % of residents who feel safe or very safe walking alone in their local area at night	Years 3 – 68%		Awaiting release of 2019 VicHealth Indicators Survey
Maintain community safety by the % of residents who feel safe or very safe walking alone in their local area during the day	Years 3 – 68%		Awaiting release of 2019 VicHealth Indicators Survey
Increase in the number of business and economic development related events conducted by Council annually	Year 4 – 20 events and more than 1,500 attendees	13 events 1,858 attendees	✓
Increase in the number of local jobs within Bayside	Years 3 – more than 35,500 jobs	35,580	✓
Increase in the number of Bayside residents employed within Bayside	Years 3 – 4 more than 54,500 jobs	56,659	✓
Improve community satisfaction on the availability of parking on residents streets in the local area	Increase Years 3 – good rating over 6.04	6.1	✓
Improve community satisfaction of the availability of parking around business and shopping strips/commercial areas.	Increase Years 3 – good rating from 5.69 to 6.00 rating	6.1	✓

Key Council departments

- Local Economy and Activity Centres

The major service listed below contributes to the performance of Council objectives across the Local Economy and Activity Centres domain.





Service	Description	Net Cost Service Budget Variance \$'000
Economic development and tourism	The economic development and tourism service works to strengthen Bayside as a tourism destination and assists the organisation to facilitate an environment that is conducive to growing a sustainable local business sector, providing opportunities for local residents to improve their skill levels and access to employment.	748 678 (69)



Goal 7: Community health and participation

Goal 7: Community health and participation

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

The community recognises that opportunities to play sport, walk freely around the municipality and enjoy an enriching social life are key to their health.

The key strategy that relates to this goal of liveability is the:

- Wellbeing for All Ages and Abilities 2017–2021.

Strategic Objectives

- Where we are a strong and supportive community and people of all ages are engaged, know their neighbours and shopkeepers and are connected to them.
- Where the community is healthy, active and feels safe.
- Where the community engages in advocacy, transparent decision making and is part of the solution.
- With thriving local non-profit delivering contemporary, client-centric services locally.
- Where we encourage and acknowledge community volunteering.
- Where health issues are identified and address.
- With a focus on gender equity in decision making.

Our Major Initiatives

Status

Undertake a feasibility study and masterplan for the Willis Street Precinct



Council endorsement of the feasibility study and masterplan by 30 June 2020

Implement the commissioning of 1 public art piece within the municipality



Install 1 public art piece within the municipality by 30 June 2020

Goal 7: Community health and participation

Performance against Council Plan commitments

Council progressed against seven non-financial actions.

Strategy	Action	2019/2020 result
Improve public health and wellbeing in the area of; <ul style="list-style-type: none"> • An engaged and supportive community • A healthy active community • And safe and healthy environment where people can live, work and play 	Implement the Wellbeing Plan (The Wellbeing for All Ages and Abilities Plan) to ensure that it includes increasingly rigorous indicators of community health and wellbeing and measureable and actionable activities for: <ul style="list-style-type: none"> • Early Years, Youth, Healthy Ageing and Healthy Community, with particular focus on the following activities: • Deliver mental health first aid training sessions to schools, parents and community groups. • Identify an accredited research partner to implement a survey to measure the resilience level of older adults. 	✓
	Implement Year 1 activities of the Reconciliation Action Plan	✓
	Undertake a feasibility study and masterplan for the Willis Street precinct	➤
	Complete actions within the Domestic Animal Management Plan with specific focus on developing a feasibility study for additional Dog off leash park	✓
	Implement the commissioning of 1 Public Art piece within the municipality	➤
Prepare for the aged care and national Disability Insurance Scheme reforms	Determine Council's future role in supporting older people in service delivery given the reform agenda in aged care	✓
Improve opportunities for volunteering	Develop and implement a development and learning program for environmental Friend's groups	➤
	Celebrate volunteers' week and acknowledge long serving volunteers across the spectrum of community organisations	✓
Improve gender equity in decision making in the community	Re-affirm the Women's charter and develop a two year action plan	✓

16.7% of Bayside residents volunteer on a regular basis.

Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain satisfaction with personal wellbeing	Target 78.4%		Awaiting release of 2019 VicHealth Indicators Survey
Percentage of children enrolled who participate in the maternal child health service	Years 2 – 4 Target – 82%	79.7%	⊗
Maintain community satisfaction with services provided for children from birth to 5 years of age	Maintain or improve years 3 target of 8.2 rating	7.9	⊗
Percentage of Aboriginal children enrolled who participate in the maternal child health service	Years 2 – 4 Target – 80%	91.3%	⊙
Maintain community satisfaction with Council's advocacy to ensure that the elderly and people with a disability continue to have access to high quality support services	Maintain Years 3 target, good rating over 7.23	7.6	⊙
Increase in the percentage of residents who volunteer 'sometime' or 'regularly'	37.1% – Sometimes 23.9% – Regularly	16.7% regularly	⊗
Increase the percentage of women of Council's Special Advisory Committee	Target 50%	47.3%	⊗



Goal 7: Community health and participation

Key Council departments

- Aged and Disability Services
- Animal Management
- Arts and Culture
- Community Wellbeing
- Environmental Health and Food Safety
- Family Services
- Libraries
- Recreation and Events
- School Crossings
- Youth Services

The major services listed below contribute to the performance of Council objectives across the Community Health and Participation domain.





Service	Description	Net Cost Service Budget Variance \$'000
Aged and disability services	This service provides a range of home and community care services for frail older residents, residents with disabilities and their carers to support them to remain independent and safe at home. The service also works with individual older people and with senior's groups to increase socialisation opportunities and to identify and action areas of importance to older people and their carers.	2,213 <u>2,927</u> 715
Animal management	This service provides animal management services and community education for the Bayside community.	(705) <u>(636)</u> 69
Arts and culture	This service provides a range of arts and cultural programs and participation opportunities to preserve and promote our heritage and culture and aims to inspire and stimulate the imagination.	842 <u>799</u> (43)
Community wellbeing	This service analyses demographic and social data and prepares policies, plans and strategies that promote community health and wellbeing.	1,076 <u>966</u> (111)
Environmental health and food safety	This service protects the safety and amenity of our community through the provision of environmental health and food safety services for those who live, work and visit Bayside.	572 <u>383</u> (189)
Family services	This service provides and supports family oriented services including kindergartens, playgroups, a toy library, maternal and child health and immunisation.	1,506 <u>1,511</u> 5
Libraries	This service contributes to the quality of life in Bayside by providing library services at four locations and a wide range of public library programs to promote literacy, provide information, and encourage socialisation, development and wellbeing.	2,981 <u>3,527</u> 546
Recreation and events	This service supports sporting clubs to provide spaces and opportunities to encourage and support active, healthy and inclusive communities and works with community groups to provide a range of community celebrations and events.	659 <u>672</u> 13
School crossings	This service protects the safety and amenity of our community through the provision of school crossing services	444 <u>630</u> 186
Youth services	This service provides youth programs, counselling support and events for young people who live and study in Bayside.	560 <u>883</u> 323



Goal 8: Governance

Goal 8: Governance

Key

-  Completed / Achieved
-  Not completed / Not achieved
-  On-going
-  Unable to measure

Overview

The strategies in the 2017–2021 Council Plan seek to ensure strong and effective democratic representation from Council, and to deliver responsive and financially responsible services and facilities that meet community needs. Strategies include a review of Council's property portfolio and leasing policy to ensure our assets deliver maximum public value, the identification and implementation of improvements in Council's services, and strengthening community engagement to inform decision making, including community participation in Council meetings.

The key strategic document that relates to this goal of liveability is the:

- Long Term Financial Plan 2019/2020–2026/2027

Strategic Objectives

- That is financially sustainable.
- That is well managed and delivers great services.
- In which decision making is open, transparent and informed by representative community views.
- In which effective partnerships are developed to deliver improved liveability for the community.
- That has relevant models for ownership and governance of Council facilities.

Our Major Initiatives

Status

Review Council's Long Term Financial Plan

Meet the VAGO financial indicators within the expected range



Implement digital improvements to enhance customer service in Building and Planning services

Delivery of four key actions from the customer experience review for Building and Planning Services



Develop in partnership with the community, a long term vision and Community Plan for Bayside

Adoption of a Long Term Vision and Community Plan by 30 June



Performance against Council Plan commitments

In 2019/2020, Council progressed against nine non-financial actions.

Strategy	Action	2019/2020 result
Ensure the financial sustainability of Council overtime, in line with objectives of Council's Long Term Financial Plan	Review and adopt Council's Long Term Financial Plan and Annual Budget to ensure Council's long-term financial sustainability	✓
Identify and implement improvements in Council services, efficiency and outcomes for Bayside community	Implement digital improvements to enhance customer service in Building and Planning services	➤
	Deliver Year 1 activities of the Customer Experience and Digital Transformation Action Plan	➤
	Develop and establish a set of "Customer Centric" principles and procedures to guide the way we engage with, and deliver services to, the Bayside community and customers	➤
Improve community engagement to inform Council decision making	Develop, in partnership with the community a long term Vision and Community Plan for Bayside	➤
Review Council's electoral representation boundaries and municipal boundaries	Prepare and lodge a submission on Council's preferred model for electoral representation	✓
	Complete the statutory process to realign the municipal boundaries between Kingston City Council and Bayside City Council along the railway between Charman Road and Park Road <i>(subject to satisfactory agreement being reached and Local Government Victoria's approval)</i>	➤
Ensure that the Bayside's community's needs and aspirations are identified and advocated to other levels of government	Develop and implement an advocacy strategy that includes: <ul style="list-style-type: none"> • An agreed framework for identifying , selecting, planning and delivering strategic advocacy campaigns • An agreed list of short, medium and long term areas for strategic advocacy campaigns • Delivery on Councils currently identified advocacy campaigns, including Elsternwick Park Nature Reserve, commuter car parking, affordable housing, Integrated Transport, improved netball facilities, basketball facilities and Hydrotherapy pool. 	➤
Review Council's property portfolio to provide clarity on tenant responsibilities, maximize community benefit, and ensure financial sustainability	Continue the disposal and sale of Council owned laneways program	✓
	Develop and promote facility booking options to increase community utilisation of Council's sporting pavilions with multi-purpose spaces	✓

Goal 8: Governance

Performance against strategic indicators

Strategic indicator	2019/2020 target	2019/2020 result	Status
Maintain the level of the adjusted underlying result as a percentage of underlying revenue	Target 15%	5.58%	✓
Maintain the level of indebtedness as a percentage of own source revenue	Target 0.70%	1.55%	✓
Improve community perception rating that Council provides important services that meet the needs of the whole community	Improve Years 3 target from 7.25 to 7.75	7.5	✓
Improve average rating for overall aspects of customer service	Improve Years 3 target from 7.67 to 7.75 rating	8.1	✓
Improve the level of transparency with Council decisions made at meetings closed to the public	Target 2.59%	3.28%	✗
Maintain or improve community satisfaction with Council's reputation, lobbying and advocacy	Maintain Years 3 target, over 6.56 – good rating	7.0	✓
Improve percentage of Council's facilities with current tenancy agreements	Target 92%	84%	✗



Key Council departments

- Chief Executive and Executive Team
- Financial Services
- Information Services
- Strategy and Performance
- Governance
- Enterprise Project Management Office
- Commercial Services
- Communications and Community Engagement
- Customer Experience
- Human Resources

The major services listed below contribute to the performance of Council objectives across the Governance domain.

Service	Description	Net Cost Service Budget Variance \$'000
Chief Executive and Executive Team	This area includes the Chief Executive Officer, Directorates and associated support which cannot be easily attributed to the direct service provision areas.	2,159 2,237 78
Financial Services	This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, management of Council fleet vehicles, raising and collection of rates and charges and valuation of properties throughout the municipality.	169 (1,739) (1,909)
Information Services	This service provides, supports and maintains reliable and cost effective communications, computing and records information systems. The service manages information technology infrastructure for Council staff enabling them to deliver services in a smart, productive and efficient way.	4,765 5,305 540
Strategy and performance	This service supports the organisation to build capability, drive alignment and ensure accountability to deliver sustainable services through enhancing leadership and culture, measurement and reporting, strategy and policy, service planning, continuous improvement and innovation.	973 1,054 81
Governance	This service includes the Mayor and Councillors and ensures that through good policy process, the Council and Councillors meet all of their individual and collective statutory obligations with transparency and integrity and that the Councillors are properly supported in their role.	1,510 1,716 206
Commercial Services	This service facilitates procurement and purchasing, property leasing, property sales, acquisitions, risk, safety and insurance claims for Council.	(77) (1,510) (1,433)
Communications and community engagement	This service is responsible for the management and provision of advice on internal and external communications and to ensure that Council effectively communicates and engages the Bayside community and stakeholders. It also provides research and information about community needs to all Council departments.	2,069 1,854 (215)
Customer experience	This service acts as the main customer interface for Council and provides excellence in customer service to the Bayside community.	1,865 2,114 249
Human resources	The service provides human resource services for the organisation, including industrial relations, payroll services, and employee learning and development.	1,220 1,300 80
Enterprise Project Management Office	This service maintains an Enterprise Project Management Framework, a Project Portfolio Management system and project management capability at a level of maturity that ensures an effective delivery of the annual project portfolio.	526 549 23

Corporate Governance

Governance

Corporate governance is about ensuring that Council operates in an open, honest, communicative and accountable manner. It is the way we consult and communicate with our community and, in turn, represent the community on important advocacy issues.

Council's role includes:

- taking into account the diverse needs of our community in decision-making
- providing leadership by establishing strategic objectives and monitoring achievements
- ensuring resources are managed in a responsible and accountable manner
- advocating the interests of our community to other communities and governments
- fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance, as the key to ensuring that Council and its administration meets the community's priorities. The community has many opportunities to provide input into Council's decision-making processes, including community consultation, and the ability to make submissions to Special Committee of Council.

The formal decision-making processes are conducted through Council meetings and Special Committees. Council assigns the majority of its decision-making capacity to employees, in accordance with adopted Council policies and delegations.

Meetings of Council

Council and Special Committee meetings are open to the public and usually held on the 2nd and 4th Tuesday of the month. Members of the community are welcome to attend and observe these meetings and participate by requesting to speak to an item of the agenda or submitting a question through Public Question Time at the Council meeting.

In 2019/2020 Council conducted the following:

11 Council Meetings

4 Special Meetings

12 Planning & Amenity Committee Meetings (Special Committee)

10 Section 233 Hearings (Special Committee)

The following table provides a summary of Councillor attendance at formal Council and Special Committee meetings for 2019/2020.

	Ordinary Meetings	Special Meeting	Planning & Amenity Committee Meetings	Section 233 Special Committee Meetings	Total number of meetings
Total number of meetings	11	4	12	10	38
Cr Alex del Porto	10/11	4/4	11/12	9/10	35/38
Cr Sonia Castelli	11/11	4/4	12/12	9/10	37/38
Cr Laurence Evans	11/11	4/4	12/12	10/10	38/38
Cr Robert Grinter	11/11	4/4	12/12	10/10	38/38
Cr Michael Heffernan	11/11	4/4	12/12	8/10	36/38
Cr James Long BM JP	11/11	4/4	12/12	10/10	38/38
Cr Clarke Martin	11/11	4/4	12/12	10/10	38/38

The following table provides a summary of the Council meeting schedule of dates for 2019/2020.

Month	Council meeting	Planning committee	Special Council Meeting	Section 223 Special Committee Meetings
2019				
July 2019	Tuesday 22	Tuesday 16		Wednesday 10
August 2019	Tuesday 20	Tuesday 13		
September 2019	Tuesday 17	Tuesday 10	Monday 23	
October 2019	Tuesday 15	Tuesday 8	Monday 14 Wednesday 23	Tuesday 22
November 2019	Tuesday 19	Tuesday 12	Thursday 7 (Annual Meeting)	Monday 25 Monday 25 (Two separate meetings)
December 2019	Tuesday 17	Monday 9		
2020				
January 2020		Tuesday 21		
February 2020	Tuesday 18	Tuesday 11		Wednesday 5 Tuesday 25 Wednesday 26
March 2020	Tuesday 24	Tuesday 10		Wednesday 4
April 2020	Tuesday 28	Tuesday 7		
May 2020	Tuesday 19	Thursday 12		
June 2020	Tuesday 23	Tuesday 9	Tuesday 30	Wednesday 24 Wednesday 24 (Two separate meetings)

Council conducted four Special Meetings throughout the year which were specifically held for the consideration of the following matters.

Date	Purpose
23 September 2019	Annual Report on Operations 2018/2019, Performance Statement for year ending 30 June 2019 Annual Financial Statements for the year ended 30 June 2019
14 October 2019	Annual Report 2018/2019
23 October 2019	Proposal to enter into a lease of Billilla Homestead
7 November 2019	Annual Meeting of Council
30 June 2020	2020 Review of the Council and Strategic Resource Plan 2020/21 Annual Budget and Long Term financial Plan Declaration of Rates and Charges

Corporate Governance

Special Committees

The *Local Government Act 1989* (the Act) allows councils to establish one or more Special Committee consisting of:

- Councillors
- Council staff
- other persons
- any combination of the above

Under section 86 of the Act, Council can create special committees and delegate Council powers to them.

In November 2019, Council reaffirmed the establishment of the Planning and Amenity Committee, which has full delegated powers and functions of Council, to consider:

- all of the powers, discretions and functions conferred by or under the *Planning and Environment Act 1987*
- the power to determine upon any Tree Removal Applications
- the power to determine upon any specific local traffic and parking matters
- the power to consider all matters relating to statutory urban planning and associated matters.

Council also established the Gallery@BACC Board, later known as the Bayside Arts Board. This Committee has the functions, powers and discretions to:

- recommend a four-year strategic plan for the Gallery@BACC
- approve acquisitions and deaccessions
- approve the Gallery@BACC Exhibition and Public Program schedule
- monitor performance against the four-year strategic plan
- approve marketing and promotion strategies
- provide advice and guidance on the pursuit of sponsorship, fundraising and philanthropic opportunities.

The following Special Committees of Council were established in accordance with the provisions of section 223 of the Act, for the purpose of hearing submissions in relation to the following matters:

Date	Purpose	Number of submissions	
		Received	Heard
10 July 2019	Intention to Lease North Point Cafe	4	3
22 October 2019	Intention to Lease North Point Cafe	14	14
25 November 2019	Proposed Sale of Council owned Land 37-39 Melrose Street and 58 Station Street Sandringham	21	6
25 November 2019	Proposed Discontinuance and Sale of Right of Way 322-326 New Street / 71-73 Bay Street Brighton	1	1
5 February 2020	Proposal to enter into a lease of the Mini Golf facility at 20 Wangara Road Sandringham	1	1
25 February 2020	Proposed Discontinuance and sale of road 38-40 Murphy Street and 51-53 Brickwood Street Brighton	2	1
26 February 2020	Proposal to enter into a lease of the Ricketts Point Teahouse (407C Beach Road Beaumaris)	2	2
4 March 2020	Proposal to lease part of Sandringham Family Leisure Centre (150 Tulip Street Cheltenham)	2	2
24 June 2020	Council Plan 2017-2021 (Proposed 2020 Review) / Proposed Strategic Resource Plan 2020/21 – 2023/24	9	2
24 June 2020	Proposed Annual Budget 2020/21	7	1

The Planning & Amenity Committee is deemed a Special Committee of Council and accordingly met on 12 occasions throughout the year, which is summarised in the meeting attendance table.

Assemblies of Councillors

In addition to the formal meetings of Council, the Special Committees and the Audit & Risk Management Committee, a number of Assembly of Councillors meetings were held in 2019/2020.

An Assembly of Councillors is a meeting of an advisory committee of Council, if a least one Councillor is present or a scheduled meeting of at least half of the Councillors and one member of Council staff.

Assemblies of Councillors consider matters that are intended, or likely to be, the subject of a decision of Council or subject to the exercise of a function, duty or power of Council that has been delegated to a person or committee. Councillor Briefings and Strategic Issues Discussions are examples of an Assembly of Councillors. In 2019/2020, 19 Assemblies of Councillors were held.

Outside the regular Council and Committee meetings, the various Councillor Briefings and Strategic Issues Discussions are held to provide advice to Councillors on items of a complex nature or of significant community impact. They allow for open discussion between the organisation and Councillors, and assist both Council staff and Councillors in developing a better understanding of a particular issue.

Unlike Council and Special Committee Meetings, they are not decision-making forums and are not open to the public. The names of those Councillors in attendance, the title of the items discussed, and any conflict of interest declared by Councillors are kept on record and made available on Council's website.

In 2019/2020, eleven Councillor Briefings were held with 163 items discussed, while eight Strategic Issues Discussions were held and briefings provided on 16 matters.



Corporate Governance

Business of Council transacted at meetings

During 2019/2020, the number of business items considered by the various Council and Committee meetings was as follows:

	2019/2020	2018/2019	2017/2018	2016/2017
Planning and Amenity Committee	137	197	134	134
Ordinary Meeting of Council	241	271	256	308
Special Council Meeting	8	4	5	4

At times, Council is required to discuss and consider matters of a confidential nature. Section 89(2) of the *Local Government Act 1989* allows Council to close meetings to the public in order to discuss sensitive issues such as staffing, industrial relations, contractual and financial matters, legal advice, proposed developments, and matters affecting the security of Council property.

If confidential reports are to be discussed by Council, the public is asked to leave the meeting during these discussions. Bayside City Council seeks to limit the number of matters that are discussed in confidential sessions.

In 2019/2020, twelve confidential reports were considered

Year	Number of confidential matters considered by Council
2019/20	12
2018/19	10
2017/18	10
2016/17	3
2015/16	22

The following table indicates the various categories the ten items were considered under Section 89(2) of the Local Government Act. It should be noted that some items were considered under a number multiple categories.

Section 89(2) LGA 1989 – Category	Number of reports to Ordinary Meetings	Number of reports to Special Meetings
(a) Personnel matters	3	Nil
(b) Personal hardship of any resident or ratepayer	Nil	Nil
(c) Industrial matters	Nil	Nil
(d) Contractual matters	9	Nil
(e) Proposed developments	Nil	Nil
(f) Legal advice	Nil	Nil
(g) Matters affecting the security of Council property	Nil	Nil
(h) Any other matter which Council or Special Committee considers would prejudice Council or any person	1	Nil

In addition to the reports specifically considered by a Special Committee or Council, Council also deliberated on notices of motion, petitions, public questions and general business items. The following table summarises the number of items considered for 2019/2020 and a four-year trend:

	2019/2020	2018/2019	2017/2018	2016/2017
Notices of motion	16	8	15	11
Petitions	5	14	13	10
Urgent business items	Nil	1	10	8
Councillor reports	16	22	34	39
Presentations at meetings	Nil	Nil	Nil	Nil

The following table summarises the activities undertaken at Council and Special Committees of Council.

2019/2020	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Total number of meetings	38	44	43	33	31
Number of items considered at meetings	396	420	478	397	448
Number of items considered in confidential	12	10	10	3	22
Number of notice of motions submitted	16	11	6	15	11
Number of petitions	5	13	14	13	10
Number of public questions answered	116	137	55	97	89
Number of urgent business items	2	Nil	1	10	8
Number of Councillor reports Presented	16	29	22	34	39
Number of requests to be heard at meetings	607	551	636	495	475
Number of Section 223 submissions	66	16	35	27	7
Number of Section 223 speakers	33	12	21	12	4

In addition to the reports specifically considered by a Special Committee or Council, Council also deliberated on notices of motion, petitions, public questions and general business items.

Corporate Governance

Code of Conduct

The *Local Government Act 1989* requires Council to develop and approve a Councillors' Code of Conduct within 12 months after each general election. In April 2017, Council adopted a Councillor Code of Conduct which is designed to:

- assist Councillors to maintain the highest standards of conduct and behaviour, as well as provide a means to deal with problems they may encounter and
- assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately.

In addition to setting out the Councillor Conduct Principles, the Code also outlines:

- other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest
- roles and relationships
- dispute resolution procedures.

Open and accountable decision making

The responsibility for making decisions rests with Councillors through a vote at formal Council meetings. In contrast, Council officers do not vote on decisions, but instead, provide independent advice to assist and inform Councillors in making their decisions and forming policy.

Conflict of Interest

Councillors are required to disclose any direct or indirect conflict of interest on an issue that may impact their impartiality, and to leave the meeting while that issue is being discussed. After the issue has been voted on, they must return to the meeting. A register of disclosed conflict of interests is kept, and in 2019/2020, there were nine conflicts of interest declared by Councillors.

The following table shows the number of interests declared by Councillors and the type of interest.

	Cr del Porto	Cr long	Cr Evans	Cr Heffernan	Cr Grinter	Cr Castelli	Cr Martin
Direct interest (section 77B)	Nil	1	Nil	Nil	Nil	Nil	Nil
Indirect interest by close association (section 78)	Nil	Nil	Nil	Nil	Nil	1	1
Indirect financial interest (section 78A)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Indirect interest because of conflicting duties (section 78B)	Nil	1	2	1	Nil	1	9
Indirect interest due to receipt of a gift, being of \$500 value or more (section 78C)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Indirect interest as a consequence of becoming an interested party (section 78D)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Conflicting personal interest (section 79B)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Indirect interest – residential amenity (section 78E)	Nil	Nil	2	Nil	Nil	Nil	Nil
Personal interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Councillor allowances

In accordance with section 74 of the *Local Government Act 1989*, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is entitled to receive a higher allowance.

The state government sets the upper and lower limits for all allowances and councils are divided into three categories based on their income and population. In this instance, Bayside City Council is recognised as a Category Two council.

For the period 1 July 2019 to 30 November 2019, Councillors' annual allowance for a Category Two council was \$25,730 per annum, and the allowance for the Mayor was \$79,612 per annum.

The Minister for Local Government approved a 2.0 per cent adjustment from 1 December 2019, increasing the Councillors' allowance to \$26,245 per annum, and \$81,204 per annum for the Mayoral allowance.

These allowances are paid in recognition of the time spent by Bayside's Councillors in performing their role as representatives of the community.

The following table contains details of current allowances fixed for the Mayor and Councillors during the year. It should also be noted that where a Councillor takes leave of absence from their duties, the allowance is suspended for the relevant period.

Councillor	Allowance
Cr Sonia Castelli	\$26,112.40
Cr Alex del Porto	\$26,112.40
Cr Laurence Evans	\$26,112.40
Cr Rob Grinter	\$26,112.40
Cr Michael Heffernan	\$44,268.43
Cr James Long BM, JP	\$26,112.40
Cr Clarke Martin	\$62,635.79

Reimbursement of expenses of Councillors

Under section 75 of the *Local Government Act 1989*, Council is required to reimburse a Councillor for expenses incurred while performing his or her duties as a Councillor.

Council adopted a policy in relation to the reimbursement of expenses for Councillors. This policy provides guidance on the payment of allowances, reimbursements of expenses, and expectations in relation to the provision of resources and facilities to the Mayor and Councillors.

The policy also requires the payment of Councillors' expenses and allowances to be published in the Annual Report and audited from time to time. A copy of the policy can be found on Council's website.

The expenses are broken down into the following specific categories:

- mobile phone
- landline/fax
- internet connection
- car mileage reimbursement
- child-care reimbursement
- out-of-pocket expenses reimbursement
- conferences
- training
- travel expenses.

	Cr del Porto	Cr Heffernan	Cr Long	Cr Grinter	Cr Castelli	Cr Evans	Cr Martin
Mobile phone	\$348	\$348	\$348	\$348	\$348	\$348	\$348
Internet connection	\$456	\$456	\$456	\$456	\$456	\$456	\$456
Car mileage	0	0	0	0	0	0	0
Child care	0	0	0	0	0	0	0
Out-of-pocket expenses	0	0	0	0	0	0	0
Conferences	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0

Corporate Governance

Councillor representation for 2019/2020

Legislative committees

Legislative Committees of Council are established in accordance with the *Local Government Act 1989*. Section 86: Committees, such as Bayside's Planning and Amenity Committee, the Chief Executive Officer's Employment Matters Committee, and the Bayside Arts Board are known as Special Committees of Council. As the Audit & Risk Management Committee was established under section 139 of the Act, it operates as an advisory committee.

Special Committees	Councillor representation	
	1 July 2019 to 7 November 2019	8 November 2019 to 30 June 2020
Planning and Amenity Committee	All Councillors (Chairperson – Cr Grinter)	All Councillors (Chairperson – Cr Grinter)
Audit & Risk Management Committee	Cr Castelli and Cr Grinter (External Chairperson – Ms Lisa Woolmer)	Cr Castelli and Cr Grinter (External Chairperson – Ms Lisa Woolmer)
Chief Executive Officer's Employment Matters Committee	Cr Evans, Cr Martin, Cr Heffernan (Mayor) and Cr del Porto (External Chairperson – Ms Paula Giles)	Cr Castelli, Cr Evans, Cr Heffernan and Cr Martin (Mayor) (External Chairperson – Ms Paula Giles)
The Bayside Arts Board	Cr Castelli and Cr del Porto, Ms Angelina Beninati (External Chairperson)	Cr Castelli, Cr del Porto and Cr Long (Cr Long Chairperson)

Councillor representation on other committees

Councillors are usually appointed as Council representatives on a range of special interest committees and networks at the Annual Meeting of Council. The various groups generally comprise of Councillors, staff and community members who are appointed by Council throughout the year.

Advisory committees and networks, forums	Councillor representation	
	1 July 2019 to 7 November 2019	8 November 2019 to 30 June 2020
Bayside Tourism Network	Cr Grinter and Cr Heffernan	Cr Heffernan
Built Environment Awards Judging Panel	Cr Long and Cr Evans	Cr Long and Cr Evans

Appointment to external organisations

A number of external organisations invite Council to represent the Bayside community. Council appoints delegates to these organisations at the Annual Meeting of Council.

External organisations	Councillor representation	
	1 July 2019 to 7 November 2019	8 November 2019 to 30 June 2020
Association of Bayside Municipalities	Cr Evans	Cr Evans
Inner South Metropolitan Mayors' Forum	The Mayor of the Day	The Mayor of the Day
Metropolitan Transport Forum	Cr Martin	Director Environment, Recreation and Infrastructure
Metropolitan Local Government Waste Forum Group	Cr Heffernan	Cr Martin
Municipal Association of Victoria (MAV)	Cr del Porto and Cr Grinter (substitute)	Cr del Porto and Cr Martin (substitute)
MAV Environment Committee	Director Environment, Recreation and Infrastructure	Director Environment, Recreation and Infrastructure
Regional Kitchen Pty Ltd (Meals on Wheels supplier)	Director Corporate Services	Director Corporate Services

Management

Council has implemented a number of statutory and better-practice items to strengthen its management framework. Having strong governance and management frameworks leads to better decision making by Council. The *Local Government Act 1989* requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council Governance and Management Checklist results are set out in the section below. Those items included in the checklist have been highlighted as important components of the management framework and of good governance.

Having strong governance and
management frameworks leads to
better decision making by Council.

Governance and Management Checklist for Year ended 30 June 2019





In accordance with the Local Government Performance Reporting Framework, Council undertook a Governance and Management Audit in 2019/2020 on the key fundamental documents, plans and policies that assist in delivering good, sound and transparent governance practices within the organisation.

The purpose of the health check was to ensure that Council has in place the required documents and to review the currency of documents. The health check included the following documents:

Governance and management items		Assessment
1	Community Engagement Policy Policy outlining Council's commitment to engaging with the community on matters of public interest	Date of operation of current policy: 19 December 2017 
2	Community Engagement Guidelines Guidelines to assist staff to determine when and how to engage with the community	Date of operation of current policy: 19 December 2017 
3	Strategic Resource Plan Plan under section 126 of the Local Government Act outlining the financial and non-financial resources required for at least the next four financial years	The 2020-2024 Strategic Resource Plan was adopted on 30 June 2020 
4	Annual budget Plan under section 130 of the Local Government Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required	Adopted in accordance with section 130 of the Act Date of adoption: 30 June 2020 
5	Asset management plans Plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years	Drainage Asset Management Plan – 25 August 2016 Road Asset Management Plan – 21 June 2016 Buildings Asset Management Plan – 21 June 2016 Recreation and Open Space Asset Management Plan – 21 June 2016 
6	Rating Strategy Strategy setting out the rating structure of Council to levy rates and charges	Date of operation of current strategy: 21 June 2016 
7	Risk Policy Policy outlining Council's commitment and approach to minimising the risks to Council's operations	Date of operation of current policy: 19 June 2018 
8	Fraud Policy Policy outlining Council's commitment and approach to minimising the risk of fraud	Date of operation of current policy: 22 May 2018 
9	Municipal Emergency Management Plan Plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 27 November 2017 
10	Procurement Policy Policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> 

Governance and management items		Assessment
11	Business Continuity Plan Plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster	Date of operation of current plan: 2 November 2018 
12	Disaster Recovery Plan Plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster	Date of operation of current plan: 27 September 2018 
13	Risk Management Framework Framework outlining Council's approach to managing risks to Council's operations	Date of operation of current framework: 17 February 2020 
14	Audit and Risk Management Committee Advisory committee of Council under section 139 of the <i>Local Government Act 1989</i> whose role is to oversee the integrity of Council's financial reporting, the processes to manage risks to Council's operations and for compliance with applicable legal, ethical, and regulatory requirements	Established in accordance with section 139 of the Act Date of establishment: 13 September 2011 Reappointed annually at the Annual Meeting 
15	Internal audit Independent accounting professionals engaged by Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls	Date of Report: 29 May 2018 Appointed for a three-year term with an option to extend for one year commencing 1 July 2018 
16	Performance Reporting Framework A set of indicators measuring financial and nonfinancial performance, including the performance indicators referred to in section 131 of <i>Local Government Act 1989</i>	Date of operation of current framework: 10 February 2014 
17	Council Plan reporting Report reviewing the performance of Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year	Date of report: 23 September 2019, 19 November 2019, 18 February 2020 and 19 May 2020 
18	Financial reporting Quarterly statements to Council under section 138 of the <i>Local Government Act 1989</i> comparing budgeted revenue and expenditure with actual revenue and expenditure	Statements presented to Council in accordance with section 138(1) of the Act Date statements presented: 23 September 2019 19 November 2019 18 February 2020 19 May 2020 
19	Risk reporting Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies	Date of reports: 12 August 2019 7 February 2020 
20	Performance reporting Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the <i>Local Government Act 1989</i>	Date of reports: 21 August 2019 23 September 2019 19 November 2019 18 February 2020 19 May 2020 


Governance and Management Checklist for Year ended 30 June 2019

Governance and management items	Assessment	
21 Annual Report Annual report under sections 131, 132 and 133 of the <i>Local Government Act 1989</i> to the community containing a report of operations and audited financial and performance statements	Considered at a meeting of Council in accordance with section 134 of the Act Draft Annual Report and Financial Statements Date statements presented: 23 September 2019	
22 Councillor Code of Conduct Code under section 76C of the <i>Local Government Act 1989</i> setting out the conduct principles and the dispute resolution processes to be followed by Councillors	Reviewed in accordance with section 76C of the Act Date reviewed: 14 February 2017	
23 Delegations A document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff	Reviewed in accordance with section 98(6) <i>Local Government Act 1989</i> Date of review: 19 March 2019	
24 Meeting procedures A local law governing the conduct of meetings of Council and Special Committees	Meeting procedures local law made in accordance with section 91(1) of <i>Local Government Act 1989</i> Date local law made: 28 November 2013	

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



Mick Cummins
Chief Executive Officer
Dated: 18 September 2020



Cr Clarke Martin
Mayor
Dated: 18 September 2020

Local laws

The following list details the local laws that were current at the end of the 2019/2020 financial year

Local law	Subject	Date of adoption / last amendment
1	Governance Local Law No: 1 The purpose of this local law is to: <ul style="list-style-type: none"> • <i>provide for the election of Mayor</i> • <i>regulate the use of the common seal</i> • <i>provide for the procedures governing the conduct of Council meetings and other meetings</i> • <i>set the rules of behaviour for those participating in or present at various meetings of Council.</i> 	28 November 2013
2	Consolidated Neighbourhood Amenity Local Law No. 2 The purpose of this local law is to: <ul style="list-style-type: none"> (1)<i>secure community safety</i> (2)<i>protect public assets</i> (3)<i>enhance neighbourhood amenity</i> (4)<i>embrace best practice local law-making principles of accessibility, accountability, compliance, consistency, currency, efficiency, enforceability, necessity and transparency</i> (5)<i>be consistent with Council's overall objectives and policies, in particular:</i> <ul style="list-style-type: none"> (a) <i>to maintain neighbourhood character</i> (c) <i>to preserve our built and natural heritage</i> (d) <i>to provide equitable access to services and facilities</i> (e) <i>to provide equity in access to our open space and foreshore</i> (f) <i>to maintain suitable infrastructure</i> (g) <i>to provide a sense of community in our villages and activity centres.</i> 	24 September 2014

Organisational memberships

Bayside City Council maintained membership of a number of organisations in 2019/2020.

Membership	Annual Fee
Association of Bayside Municipalities	\$ 8,861
Australian Library and Information Association	\$ 1,085
FinPro Local Government Finance Professionals	\$ 660
LGPro Local Government Professionals	\$ 3,639
LoGIS Local Government Professionals Australia	\$ 2,299
Municipal Association of Victoria (MAV)	\$ 74,110
South East Councils Climate Change Alliance (SECCCA)	\$ 16,300
Leading Aged Services Australia (LASA)	\$ 3,096
Institute of Public Administration Australia (IPAA)	\$ 2,564
Vicsport	\$ 364
Victorian Chamber of Commerce and Industry (VECCI)	\$ 3,090
Volunteering Victoria	\$ 300
Youth Affairs Council of Victoria	\$ 227
Arboriculture Australia	\$ 935
Public Galleries Association of Victoria	\$ 773
Play Australia (IPA Australia)	\$ 473
Early Learning Association Australia Inc	\$ 801

Audit & Risk Management Committee

As part of Bayside City Council's duty to fulfil its governance obligations to the community, Council established an Audit & Risk Management Committee in 1996, as an independent Advisory Committee to Council, under Section 139 of the *Local Government Act 1989*.

The Audit & Risk Management Committee operates in accordance with the best practice guidelines for Audit & Risk Management Committees prepared by Local Government Victoria.

Bayside City Council has adopted an Audit & Risk Management Committee Charter which clearly sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Role of the Audit & Risk Management Committee

The primary role of the Audit & Risk Management Committee is to assist Council in fulfilling its corporate governance obligations through the effective conduct of its responsibilities for accounting, financial and performance reporting practices, management of risk, maintaining a reliable system of internal controls, operation of good governance and facilitating sound organisational ethics.

The Audit & Risk Management Committee also provides an effective means of communication between the external auditors, internal auditor, management and Council.

Membership

The Audit & Risk Management Committee consists of five members: up to four independent members and two Councillors. The Councillors are appointed annually at the Annual Meeting of Council for a two-year period, and may be appointed by Council for a further two-year term.

Independent members are appointed for a three-year term and are eligible to be reappointed after the expiry of their term for a second three-year term. Independent members can only serve two consecutive terms. This policy was established by Council to achieve rotation of independent members, consistent with recognised good practice.

The Chairperson of the Committee is appointed annually by Council at its Annual Meeting of Council from the independent membership of the Committee, following a recommendation by the Committee.

The Chief Executive Officer, Director Corporate Services, Manager Finance, Manager Commercial Services, Manager Governance and Internal Auditors attend all meetings by invitation, to assist the Committee, and do not have voting rights.

The external auditor attends specific Committee meetings to present the External Audit Strategy, interim and year-end audit results, and the presentation of the Audited Financial Statements and Performance Statements.

The primary role of the Audit & Risk Management Committee is to assist Council in fulfilling its corporate governance obligations.

During the 2019/2020 financial year, the Audit and Risk Management Committee membership consisted of:

Independent Members



Ms Lisa Woolmer
(Chairperson – from 1 July to current)
1 July 2019 to 30 June 2020
Period on Committee – 4 years
Term expires 30 September 2021



Mr Mick Ulbrick
1 July 2019 to 30 June 2020
Period on Committee – 4 years
Term expires 31 March 2021.

Out-going member



Mr Geoff Harry
1 October 2019 to 30 June 2020
Period on Committee – 9 months
Term expires 30 September 2022



Mr Brian Keane
1 July 2019 to 30 June 2020
Period on Committee – 6 years
Mr Keane retired from the Committee on 30 September 2019 after serving two terms on the Committee.

Independent member terms have been established by Council to achieve rotation of independent members consistent with good practice.

Councillor Members



Cr Robert Grinter
1 July 2019 to 30 June 2020
Period on Committee – 4 years



Cr Sonia Castelli
1 July 2019 to 30 June 2020
Period on Committee – 4 years

Audit & Risk Management Committee

Schedule of meetings

During the 2019/2020 year the Audit and Risk Management Committee met on five occasions to consider business on the agenda.

Date	Meeting
21 August 2019	General Meeting
11 September 2019	Financial statements and Performance Statement
20 November 2019	General Meeting
17 February 2020	General Meeting
18 May 2020	General Meeting

Attendance of Audit and Risk Management Committee members at meetings

Minutes of the Audit & Risk Management Committee are presented to Council at the next Ordinary Meeting of Council following the Audit & Risk Management Committee and adopted as a confidential attachment to a précis of the activities of the Audit Committee meeting. The précis is considered in the public forum of the Ordinary Meeting of Council.

Name	Role	Period	Attendance
Mr Brian Keane	Independent Member – Chairperson	1 July 2019 – 30 September 2019	2 of 2 meetings
Ms Lisa Woolmer	Independent Member	1 July 2019 – 30 June 2020	5 of 5 meetings
Mr Mick Ulbrick	Independent Member	1 July 2019 – 30 June 2020	5 of 5 meetings
Mr Geoff Harry	Independent Member	1 October 2019 – 30 June 2020	3 of 3 meetings
Cr Rob Grinter	Councillor Member	1 July 2019 – 30 June 2020	5 of 5 meetings
Cr Sonia Castelli	Councillor Member	1 July 2019 – 30 June 2020	5 of 5 meetings

Remuneration for external members

External members receive a meeting fee in accordance with the *Local Government Act 1989*. From July 2019 to November 2019 the meeting fee was set at \$1,576 per meeting and the Chairperson fee was set at \$2,000 per meeting. At the Annual Meeting of Council held on 7 November 2019 Council resolved to increase the meeting fee by CPI to \$1,607 per meeting fee and the Chairperson fee be increased to \$2,040 per meeting.

These fees reflect the time, commitment and responsibility involved in serving as an independent member of the Audit & Risk Management Committee.

Councillor-appointed members do not receive remuneration for attending Audit & Risk Management Committee meetings. A summary of the remuneration fees to external members is shown below.

Total remuneration meeting fees for 2019/20					
Member Meeting Fee			Chairperson Meeting Fee		Total
July 2019 to November 2019	November 2019 to June 2020	July 2019 to November 2019	November 2019 to June 2020		
\$1,576 per mtg	-\$1,607 per mtg	\$2,000 per mtg	\$2,040 per mtg		
External Members					
Mr Brian Keane	\$3,152				\$3,152
Ms Lisa Woolmer			\$6,000	\$4,080	\$10,080
Mr Mick Ulbrick	\$3152	\$4,821			\$7,973
Mr Geoff Harry		\$4,821			\$4,821
Council Members					
Cr Rob Grinter	Councillor appointed members to the Audit and Risk Management Committee do not receive a meeting fee.				
Cr Sonia Castelli					

Key activities of the Audit & Risk Management Committee for 2019/2020

External audit:

- Consideration of the 2018/19 Annual Statements including the Financial Statements, Performance Statement; and Auditors Management Letters and Auditor's Closing Report;
- Review of the 2019/20 External Audit Strategy;
- Monitoring of the completion of outstanding actions in relation to areas for improvement identified by the Auditors in Management Letters; and
- Provided in camera meeting opportunities between the Audit and Risk Management Committee members only and the External Auditor

Internal audit:

- Considered the Three Year Internal Audit Plan for 2019/20 to 2021/22
- Considered the Internal Audit Report relating to Occupational Health and Safety Management of Council contractors
- Considered the Internal Audit Report relating to Social Media
- Considered the Internal Audit Report relating to Child Safe Standards
- Considered the Internal Audit Report relating to Parking Infringement and Ticketing
- Considered the Internal Audit Report relating to Information Technology – Security & Access Control
- Considered Quarterly Internal Audit Status reports including notable external reports and publications of interest to the Audit and Risk Management Committee and Council.
- Provided in camera meeting opportunities between the Audit and Risk Management Committee members only and the Internal Auditor

Internal Controls

An assessment of Council's internal controls considered the effectiveness of the internal control Environment across the organisation, including reference to management's previous self-assessment against a Good Governance Framework and Council's Governance Charter.

A review of applicable reports and recommendations from the Victorian Auditor General's Office, the Ombudsman Victoria and IBAC was undertaken, and considered an organisational self-assessment against the findings in relation to:

- VAGO Parliamentary Report – Fraud and Corruption Control – Local Government;
- VAGO Parliamentary Report – Recovering and Reprocessing Resources from Waste;
- VAGO Parliamentary Report – Reporting of Local Government Performance;
- VAGO Parliamentary Report – Local Government Assets, Asset Management and Compliance;
- VAGO Parliamentary Report – Council Libraries;
- VAGO Parliamentary Report – Results of the 2018/19 audits Local Government;
- VAGO Parliamentary Report – Managing Development Contributions;
- Ombudsman Victoria – Revisiting council complaints;
- IBAC Report – Special Report on corruptions risks associated with procurement in Local Government;
- Commission of Inquiry – Good Governance Framework outlined in the Report into Geelong City Council.

Number of matters considered by the Audit & Risk Management Committee

2016/17	60
2017/18	64
2018/19	69
2019/20	72

Audit & Risk Management Committee

Internal audit

The internal audit function provided by Crowe provides an independent review of the effectiveness and efficiency of selected internal control processes and forms a vital component of the Council's Governance and Risk Management Framework.

Council's internal audit function is governed by an Internal Audit Plan, which is endorsed by Council's Audit & Risk Management Committee. The annual plan was developed based on Council's strategic and operational risks. The Audit Plan is reviewed by the Audit & Risk Management Committee and approved by Council.

The internal audit program that the Committee oversees, is in place to assist both Council and management to achieve sound control over all Council activities. The internal auditor is not involved in day-to-day internal transaction-checking but provides an independent and objective assurance that the appropriate processes are in place.

The Audit & Risk Management Committee formally reviews the performance of the internal auditor each year through confidential conversations between management and the Audit & Risk Management Committee.

In accordance with the Council-adopted Audit Plan, Crowe undertook all internal audit reviews listed in the Internal Audit Plan adopted by Council with the exception of the planned audit for Volunteer Management which did not occur due to the timing and impacts on the organisation as a result of COVID-19 pandemic. This will be revisited as part of future Internal Audit planning.

As a result of the Internal Audit program the following summary provides a breakdown of the number of findings relating to each audit and level of rating of finding:

Internal Audit	No: of findings	Level of control rating		
		High	Moderate	Low
Occupational Health and Safety Management review of Council contractors	6	1	4	1
Social Media	6		4	2
Child Safe Standards	8	1	7	
Parking Infringement and Ticketing	5			5
Information Technology – Security and Access Control	8	1	6	1

Number of Audits undertaken over the past 4 years.

Number of Internal Audits undertaken	
2016/17	5
2017/18	5
2018/19	5
2019/20	5

The Internal Auditor Crowe Horwath's contract for the provision of Internal Audit Services commenced on 1 July 2018 following a public tender process for these services for a three year period contract commencing 1 July 2018.

External audits

Council's External Auditor, the Victorian Auditor General's Office (VAGO), is authorised to conduct the annual financial audit.

VAGO is responsible for providing:

- an opinion as to whether the Annual Financial Statements of Council present a true and fair view of the financial affairs of Bayside City Council in accordance with applicable Accounting Standards and legislation.
- an opinion on the Performance Statement based on the Local Government Performance Reporting Regulations, which consist of a series of service, financial and non-financial indicators.

In 2019/2020, Bayside City Council once again received an unmodified/unqualified audit report for the financial statements for the year ended 30 June 2019. Council also received an unqualified audit report for the Performance Statement for the year ended 30 June 2019.

During the 2019/2020 year, the Audit & Risk Management Committee considered the 2019 Annual Financial Statements, Closing Report, arrangement letter and 2020 Audit Strategy by the External Auditor. The External Auditor met with the Audit & Risk Management Committee on 11 September 2019 to discuss the Financial Statements in detail in accordance with the Audit & Risk Management Committee Charter.

At the February 2019, meeting VAGO representatives met with the Audit & Risk Management Committee to discuss the 2020 Audit Strategy.

Fraud control and compliance

Council's fraud control and compliance regime aims to minimise risks related to fraud and corruption and the associated risks of significant fines or non-monetary sanctions for non-compliance with laws and regulations.

During 2019/2020, the Audit & Risk Management Committee reviewed the Fraud Prevention Policy and reviewed the Fraud Control Plan and controls developed by Council. Fraud awareness training has been completed by all staff as part of Council's staff induction training and also mandatory e-learning. In addition, training is also provided on Fraud Prevention through the Governance training program across the organisation, which is conducted bi-monthly.

Council's Fraud Prevention Policy is published on Council's Website and Intranet. The policy aims to minimise risk related to fraud and corruption.

Other matters

There were no conflicts of interest declared by Audit & Risk Management Committee members during the 2019/2020 year.

Looking forward 2019/20

In accordance with the *Local Government Act 2020*, Council has reconstituted the Committee as an Audit and Risk Committee from 1 September 2020 with the same membership. The Charter of the Audit and Risk Committee is available on council's website.

Acknowledgements

Audit & Risk Management Committee Members

I would like to acknowledge the professionalism and participation of all the members of the Audit and Risk Management Committee in discharging their roles and responsibilities. I would particularly like to acknowledge the significant contribution of Mr Brian Keane for his role during 2019/20 reporting year and in his 6 years of membership of the Committee. I also welcome new member Mr Geoff Harry to the Committee from 1 October 2019.

The level of discussion on matters brought before the Committee has been of a very high standard, which I believe has resulted in tangible benefits to the community, the Council and Council officers. The Committee has also greatly benefited from the contributions of the Councillor Committee Members who bring significant local knowledge and local community experience, stability and common sense to the table.

Organisation

I also wish to record my appreciation of the work undertaken by Council staff in supporting the role of the Committee particularly the commitment and involvement of the Chief Executive Officer, Mr Mick Cummins, Ms Jill Colson, Director Corporate Services, Mr Bill Shanahan, Manager Finance and Mr Terry Callant Manager Governance. Other organisational Directors and Managers have made a significant contribution to assist the Audit and Risk Management Committee in discharging its duties in accordance with the Charter during the year and I also thank them.

Ms Lisa Woolmer

Chairperson – Audit & Risk Management Committee

This Annual Report of the Audit & Risk Management Committee for the year ending 30 June 2020 was presented to the Audit & Risk Management Committee for endorsement at its meeting held on 17 August 2020.

Bayside Arts Board Annual Report (Section 86 Committee)

The Bayside Arts Board is a Committee under Section 86 of the *Local Government Act 1989*

The purpose of the Bayside Arts Board is to support Council in the development and presentation of an innovative and creative arts programs for the City of Bayside.

In the period July 2019 to June 2020, the board has achieved its mandate by:

- Providing strategic direction and advice on arts programming including delivery of the Bayside Arts Strategic Plan 2018 – 2022
- Supporting the development of public art across the municipality
- Overseeing the care and management of the Bayside Arts and Heritage Collection
- Governing effectively in accordance with the Charter and adhering to the principals of good governance as outlined in the Board's Code of Conduct.

Membership

The Bayside Arts Board consists of eleven members: nine independent members and three Councillors. The Councillors and Independent members are appointed for a three-year term.

At the 20 August 2019 Ordinary Meeting of Council the Bayside Arts Board Charter was amended to reflect an increase in the number of Councillor representatives on the Board and provided that the Chairperson of the Board must be elected from the Councillor representative on the Board.

The Arts and Culture Coordinator, Curator/Gallery Team Leader and the Manager Governance attend all meetings by invitation to assist the Board, but do not have voting rights.

The table below provides details of membership and attendance at meetings.

Name	Role	Period	Attendance
Ms Tiziana Borghese	Independent member – Chairperson from 1 July 2010 to 20 August 2019	1 July 2019 – 30 June 2020	4 of 4 meetings
Mr Roger Boyce	Independent member	1 July 2019 – 12 February 2020	1 of 2 meetings
Ms Angelina Beninati	Independent member	1 July 2019 – 30 June 2020	4 of 4 meetings
Mr Patrick Christian	Independent member	1 July 2019 – 20 August 2019	0 of 1 meeting
Ms Charlotte Christie	Independent member	1 July 2019 – 20 August 2019	0 of 1 meeting
Mr Brian Hewitt	Independent member	1 July 2019 – 30 June 2020	2 of 4 meetings
Ms Sarah Morris	Independent member	1 July 2019 – 30 June 2020	4 of 4 meetings
Ms Bo Rutecki	Independent member	1 July 2019 – 30 June 2020	4 of 4 meetings
Mr Arvind Vasan	Independent member	1 July 2019 – 30 June 2020	3 of 4 meetings
Cr Alex del Porto	Councillor member	1 July 2019 – 30 June 2020	4 of 4 meetings
Cr Sonia Castelli	Councillor member	1 July 2019 – 30 June 2020	3 of 4 meetings
Cr James Long BM JP	Councillor Member – Chairman	20 August 2019 to 30 June 2020	3 of 3 meetings

Schedule of meetings

During 2019/2020, the Bayside Arts Board met on four occasions.

17 July 2019	General Meeting
13 November 2019	General Meeting
12 February 2020	General Meeting
3 June 2020	General Meeting

Remuneration for external members

The Bayside Arts Board is an honorary board and therefore Board members do not receive remuneration.

Key activities of the Bayside Arts Board for 2019/2020

The key activities of the Board during the reporting year were as follows:

- Acquisition of 4 works in line with Arts and Heritage Collection Policy including a donation by Rob McHaffie
- Approval of the 2019–2020 Exhibition and Public Programs
- Approval of 2020 Artists Studio Program
- Commissioning of Railway Walk Mural in Brighton by Juddy Roller
- Commissioning of “Spirit of Place” by Bent Metal for Elsternwick Park South

Acquisitions to the Bayside Art and Heritage Collection July 2019 – June 2020

1. Steig Persson, *Duck and quail eggs, Italian herbs* 2015 Oil on linen 187 x 227 cm
2. Gregory Alexander, *Ten Wednesdays’ at Rickett’s Point* 2016-2018 Oil on canvas board 30 x 20 cm (each panel); 60 x 100 cm total
3. Miles Everwood, *Beaumaris* c. 1936 oil on board 30.5 x 40.5 cm
4. Rob McHaffie, *Upwards and Onwards*, watercolour, 2018 38 x 28 cm

Exhibitions at the Gallery at Bayside Arts and Cultural Centre 2019/2020

- *Bayside Acquisitive Art Prize* 2019: 24 May – 21 July 2019
- *Pets Are People Too*: 27 July – 6 October 2019
- *‘Becoming’ Rhiannon Slatter*: 10 October – 15 December 2019
- *Altered States*: 12 October – 15 December 2019
- *Anna Rowbury*: 16 November – 15 December 2019
- *Target*: Bayside Art & Design Graduates; 29 January – 8 March 2020
- *Bayside Local*: 29 January – 8 March 2020
- *‘Classy’ Fiona McMonagle*: 14 March – 19 March (closed during COVID 19 from 20 March – 30 June) 1 – 8 July 2020

Performances

- *España El Vito – The Spirit of Spain – Piano & Guitar Recital – Cheltenham* 29 August 2019. Internationally acclaimed, award-winning concert pianist and Young Steinway Artist Nicholas Young was joined by renowned 10-string Spanish classical guitarist Matthew Fagan Spanish in this sold out concert at Bayside’s newest arts venue, the Button Factory.
- *Advantage Road Open Studios – Highett* 8 September 2019. Over 1,500 people attended this event which involved 18 artists including painters, printmakers and sculptors opening their studio doors to the Bayside community.
- *Punctum’s Cooling House Green Point*, Brighton 3 – 8 December 2019. Presented around Australia to great acclaim, this temporary installation saw over 400 Baysiders experience the Cooling House where drifts of river soundscapes and recorded stories of culturally diverse connections to water filled the ‘House’ and flowed around the ‘cooling pools’.
- *Macbeth* by Essential Theatre Company Brighton Cultural precinct 28 February 2020
- *Jazz at Billilla*, Billilla Gardens, Brighton 15 March 2020

Conflict of interest

There were no conflicts of interest declared by Gallery @ Bayside Arts and Cultural Centre members during 2019/2020.

Bayside Arts Board Annual Report (Section 86 Committee)

Achievements

The 2019-2020 year was our most diverse and successful to date with a full program of exhibitions, events and concerts delivered across Bayside.

'Pets Are People Too' proved to be one of our most popular exhibitions with the community with over 200 people attending the opening. 'The Psychology of Pets' panel discussion, held during National Science week, to coincide with the exhibition was attended by 130 people – 43% of those were first time visitors to the Gallery.

Another highlight was the Gallery hosting a 'Doggie Day Out' which attracted 96 dogs and 280 people. Testament to our commitment to delivering a service that is valued by the Bayside community who we know love their pets!

Despite torrential rain over 1500 people attended the Advantage Rd Open Studios event with Council receiving overwhelmingly positive feedback from the community and participating artists about this initiative that supports our local arts economy.

Our inaugural Artist in Schools program was a great success with Rhiannon Slatter completing a 10 week residency at Beaumaris Secondary College where she worked with 25 students to explore their connection to their new school through photography.

2020 got off to a great start with over 1,600 people attending our first three shows of the year. The Gallery was on track to record our highest attendance to date having already had 6,339 visitors till the global pandemic closed all Council public facing services including the Gallery. Council's Arts Learning program was set to attract 700 students in first term alone but as a result of COVID 19 all classes had to be cancelled. So while it has been a challenging 2020 the arts, along with all areas of Council, have shown their adaptability by developing online exhibitions and public programs that have resulted in increased engagement by our community.



Other Management Requirements

Risk management

Risks are everyday occurrences that have the potential to impact on Bayside City Council's ability to meet our objectives. While many risks cannot be eliminated, they can be identified, controlled and managed.

To prepare for such risks, Council has implemented a Risk Management Framework to provide policy and guidance in the management of risk across the organisation, including risk assessment criteria. Based on the ISO 31000: 2018 Risk Management Standards, the framework is supported by risk management software, policies and procedures, and is reviewed each year to ensure it is up-to-date.

Council is driving continuous improvement in its risk management culture by enhancing internal reporting mechanisms and integrating risk management considerations into all aspects of Council operations and decision-making processes.

A number of reviews are undertaken throughout the year to minimise risk, including:

- the Audit Committee's review of quarterly status reports against Council's strategic risks
- Executive Team quarterly risk meeting to review trends, achievements and areas where greater controls may be required
- an internal audit program that focuses on key operational areas to determine weaknesses or opportunities for improvement

Municipal Emergency Management Plan

Major emergencies can lead to loss of life, destruction of property and the environment, and impact the economic and social sustainability of the community.

Bayside City Council plays a key role in ensuring the provision of safety to the community through the activation of the Municipal Emergency Management Plan (MEMP). The plan addresses the prevention of, response to and recovery from emergencies within the municipality.

In 2019/2020, Council activated the MEMP on a number of occasions, when staff responded to a number of minor emergencies including storm damage to assets, fire damage to buildings and flooding damage to roads, and provided additional assistance to emergency services where requested.

Council has reviewed and updated the MEMP for endorsement by the MEMP Committee.

Business Continuity Plan

In 2018, Council redeveloped the Business Continuity Plan (BCP) in line with modern standards and best practice, providing a pre-determined roadmap to ensure continuity of critical services of Council in the event of a major interruption.

The plan outlines an overarching management framework for responding to interruption events and fulfils a number of functions including:

- enabling re-establishment and continuity of critical services during any major disruption
- minimising adverse impacts on stakeholders, Council and staff
- minimising disruption to key Council assets, operations and services
- maintaining critical channels of communication
- outlining the roles and responsibilities of key stakeholders.

Council's internal response to COVID 19 has been coordinated by a cross-organisational Business Continuity Team which has been meeting regularly to ensure ongoing service delivery. The work of the business continuity team has been governed by the following principles:

- Safety first for staff and community
- Service continuity
- Scalability and agility to meet next wave of restrictions

The organisation responded early to the implementation of COVID related restrictions in March 2020 with a majority of staff enabled to work remotely from home within days with minimum service disruption. Since then there has been more focus on providing service delivery through online channels, as evidenced by online storytime by the library staff or remote consultations with young mothers. A number of staff were also seconded to a range of Covid related activities including assisting with calls to our elderly and most vulnerable residents and partnering with environmental health officers as they provided support to Bayside's retailers and hospitality businesses.

For the essential services permitted to work at the corporate centre or other locations, strict COVID safe procedures including physical distancing, hand hygiene as well as increased levels of cleaning and appropriate signage are in place. In June the decision was also made to hold all Council meetings remotely.

Other Management Requirements

Environmental Sustainability Framework

Adopted in May 2016, Council's Environmental Sustainability Framework (ESF) aims to set consistent direction and guidance for environmental planning and decision-making within Bayside City Council.

The framework outlines Council's commitment to work in partnership with the community, government agencies, local organisations and businesses, to minimise Council's own ecological footprint and to advocate for outcomes that deliver high environmental standards and protection. Importantly, Council is committed to encouraging and supporting the Bayside community to care for the environment and minimise the community's own ecological footprint.

Highlights of actions in the Environmental Sustainability Framework progressed in 2019/2020 have included:

- Local Friends Groups were supported through new infrastructure and 'Sustainable Environment' grants, using funding secured from the Victorian Government.
- Solar panels were installed at 9 more Council buildings: Black Rock Civic Hall; Hampton Library; Sandringham Library; RG Chisholm Reserve pavilion, William Street Reserve pavilion and Elsternwick Park Oval 2 pavilion; Brighton East MCHC; Hampton MCHC; and Beaumaris MCHC; and lights were upgraded to LED lighting at 13 Council buildings.
- 9 Environmental Citizenship Program events were held for over 840 attendees, including an 'Eco-Fashion' sale and our best involvement for the Garage Sale Trail with 194 sale sites.
- The updated Events Policy was adopted by Council in June 2020, including Sustainable Event Guidelines to strengthen requirements to reduce environmental impact of events.
- The Built Environment Sustainability Scorecard (BESS) was introduced to guide staff and developers in sustainability for planning applications. Making the online BESS tool available to applicants has improved the number and quality of applications considering environmentally sustainable design.
- Sandringham Rotary Club was assisted to develop a new community garden, as per Council's Community Garden Policy.
- The Schools Climate Summit was delivered online with 73 participants from 11 schools.
- 3 'Choose Tap' water bottle refilling stations were installed with South East Water.
- Council facilitated the United Energy 'Bayside Battery Project' to trial innovative infrastructure to alleviate upgrades to the local electricity grid.

Further activities, such as the development of the Climate Emergency Action Plan and community engagement, and the Power Purchase Agreement for renewable electricity were not included in the ESF Action 2019-23 at the time of writing, but have occurred in 2019/20

Community grants

In 2019/2020, Bayside City Council provided \$662,298.10 in grants to fund various initiatives.

Grants program	No. of successful grants 2018/19	Grant funding provided
Annual Community Grants Program	37	\$140,384.00
New program or community initiative	2	\$21,500
Events and festivals	18	\$12,999
Donations to fundraising appeals	2	\$8000
Individuals and families in financial hardship	58	\$27,607.56
Inclusive Bayside Partnership Program	7	\$25,902.54
Major Grants Program	6	\$425,905.00



Statutory Information

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

Available for inspection at Council offices

In accordance with section 222 of the *Local Government Act 1989* and section 12 of the *Local Government (General) Regulations 2015*, the following information is made available for public inspection on request at the Corporate Centre, 76 Royal Avenue Sandringham, during normal office hours from 8.30am to 5pm, weekdays:

- a document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by any Councillors or member of Council staff in the previous 12 months
- agendas for and minutes of Ordinary and Special Meetings held in the previous 12 months kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- minutes of meetings of Special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- register of delegations kept under section 87(1) and 98(4) of the Act including the date on which the last review took place under sections 86(6) and 98(6) respectively, of the Act
- a document containing details of all leases involving land which were entered into by Council as lessor, including the lease and the terms and the value of the lease
- a register maintained under section 224(1A) of the Act of authorised officers appointed under that section
- a list of donations and grants made by Council in the previous 12 months, including the names of persons who, or bodies which have received a donation or grant and the amount of each donation or grant.

Inspection of these documents can be arranged by contacting Council's Governance Department on 9599 4444.

Best Value

During the 2019/2020 financial year, Bayside City Council complied with the *Local Government (Best Value Principles) Act 1999* (Vic) by ensuring that each of Council's departments continued to review its services through consultation, benchmarking and performance monitoring, in addition to the program of strategic service reviews. The opportunities identified for service improvement were implemented through the service planning process.

Continuous improvement

The goal of our Continuous Improvement Program is to develop skills and capabilities to become an adaptive organisation that responds to the changing needs of our community.

Our capability development approach begins with each service unit establishing a sustainable foundation of process management to enable ongoing continuous improvement. We equip teams to identify, understand and capture their processes for delivering efficient and effective services to our community. Teams then collaborate cross-functionally to identify opportunities to improve systems, processes and products to achieve service outcomes, such as introducing online lodgements for planning applications.

Service planning

In 2019/2020, the organisation finalised the transition from 15 annual department plans (costed through the annual budget process) to 46 four-year costed service unit plans.

Telling the 'value story' of Council to our community is more relatable and constant at the service level rather than the departmental level of Council. The new approach to service planning has a number of benefits, including:

- increasing the opportunities for organisational collaboration
- better alignment to achieving strategic outcomes
- improving the ability to plan for resource requirements
- streamlining and simplifying the planning process.

Statutory Information

Report against the Carers Recognition Act 2012

In accordance with section 11 of the *Carers Recognition Act 2012*, Council is required to report annually on its care measurement obligations. Council has taken all practicable measures to comply with our responsibilities outlined in the Act.

Council has promoted the principles of the Act to people in care relationships who receive Council services, as well as to people in care relationships more broadly, and to the wider community by:

- distributing printed material through relevant Council services
- providing information to organisations represented in Council and/or community networks
- participating at the Southern Metropolitan Carers Network Meeting
- delivering respite and other practical assistance to the carers of frail older people and people with a disability
- hosting two civic functions for carers, to recognise their role and acknowledge their contribution in caring for others
- funding a position to support carers through the transition from Council services to the National Disability Insurance Scheme
- promoting services through Council publications.

Council has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the Carers Recognition Act by including information on the care relationship in Council induction and training programs for staff and volunteers working in Aged and Disability Services

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer's relationship and has provided the following additional activities and resources:

- recognising carers during National Carers Week in October 2019 through participation in a regional event
- advocating for the needs of carers through participation on a range of local regional and state-wide networks.

Contracts

During the year, Council did not enter into any contracts valued at \$150,000 or more for services or \$200,000 or more for works or more of a kind specified in section 186(5)(a) and (c) of the *Local Government Act 1989*. It also did not enter into any other contracts valued at \$150,000 or more for goods or services or \$200,000 or more for works without engaging in a competitive process.

Disability action plan

In accordance with section 38 of the *Disability Act 2006*, Council has prepared a Wellbeing for All Ages Abilities Strategy 2013-2017 and implemented the following actions in 2019/2020:

The key achievements of the plan in 2019/2020 include:

- providing grants to 14 community groups to broaden their programs to include people with a disability in their activities. Grants have included specialised coaching for Sandringham and District Netball Club, an Accepting Diversity Through Fashion show at Sandybeach Community Centre, and an All Abilities Inclusion Day at Hampton Life Saving Club
- implementing a beach access project which saw the installation and promotion of beach access matting, and provided floating beach wheelchairs to lifesaving clubs at Hampton Beach and Half Moon Bay
- establishing a Community Reference Group and completed the first stage of planning and consultation for a regional-scale inclusive playground at Thomas Street Park in Hampton.

Wellbeing for All Ages and Abilities Strategy 2017–2021

As a community, our relationships, opportunities, education, culture, interactions, work, lifestyles and physical and mental wellbeing form our social environment and influence our quality of life. However, encouraging people to lead healthier lives and building environments that help them to do so, is an important challenge for the whole community.

Council supported numerous social wellbeing initiatives through the delivery of:

- Wellbeing for All Ages and Abilities (WAAA) Strategy 2017–2021
- Disability Action Plan 2013–2017

Bayside City Council's WAAA³ was developed in conjunction with community members and organisations that provide health, education, care, social supports and services to people across all ages and abilities.

Four specific action plans support the strategy:

- a) Early Years Action Plan
- b) Healthy Ageing Action Plan
- c) Healthy Community Action Plan
- d) Youth Action Plan.

Key achievements for the WAAA 1 July 2019 to 30 June 2020 (the DAP is included as part of the WAAA):

- Delivered 2 engagement BBQ's, 30 art and craft packs and facilitated a weekly meal delivery service for residents on Bluff Road Housing Estate.
- Increased the reach of BaysideVolunteering.com to over 1333 users with an average of 40 vacant volunteering opportunities listed (pre-COVID).
- Funded Hampton Life Saving Club to run an all abilities beach access day.
- Improved booking system for beach wheelchair access to increase usage and awareness during summer months.
- Partnered with Southern Melbourne Primary Care Partnership to deliver an Elder Abuse awareness and discussion forum for seniors and adults with elderly parents.
- Delivered intergenerational beginners iPad training with Beaumaris Secondary College year 8 students and seniors.
- Partnered with five local primary schools to deliver the Bayside Says No To Bullying – Up standers Project to promote positive citizenship and anti-bullying messages
- Developed and delivered The Anxiety program with the Bayside Local Learning and Employment Network to 420 Secondary School students to provide young people with a toolkit for identifying and managing anxiety and stress.
- Participated in the Nappy Collective by collecting and donating over 2000 nappies to support families in crisis or need.
- Produced an educational video guiding parents with healthy eating for their babies. The video has been uploaded onto the Bayside website and YouTube and received over 600 views.

Partnered with five local primary schools to deliver the Bayside Says No To Bullying – Up standers Project

Report against the Domestic Animal Management Plan

The *Domestic Animals Act 1994* requires all Victorian councils to have a four-year plan in place for the management of dogs and cats within their municipality.

Adopted in December 2017, the Council's Domestic Animal Management Plan 2017–2021 was developed using a range of information including evaluating current Council programs and policies, customer service data, extensive community and stakeholder research, and legislative requirements of Council.

The plan caters for the needs of companion animals and their owners and addresses the concerns of the general public. In line with the requirements of the Act to annually review and report on the plan, Council has reviewed action on the current Bayside Domestic Animal Management Plan 2017–2021.

The following are the plan's key achievements in 2019/2020:

- Council had 12,143 registered dogs and 3,699 registered cats as of 30 June 2020.
- Council's pet registrations remain steady, yet the number of dogs and cats impounded continues to reduce with a 12.3% reduction for dogs and a 34.6% reduction for cats over the last two years. Council's education around responsible pet ownership, registration program and improved work practices are helping to reduce the number of animals impounded.
- 82.5% of dogs and cats impounded are returned to their owners.
- Council's improved pound contract has seen a substantial reduction in cats euthanised, with an 81.25% decrease on the previous year from 16 in 2018/19 to just 2 in 2019/20.
- Council adopted an action plan informed by a research report commissioned to investigate potential viable solutions to achieve community objectives for the management of dogs, off-leash spaces and improving the effective control of dogs.
- The annual Pet Expo was delivered in November 2019.
- Council's new online dog registration process has seen just over 1400 dogs registered this year using this new service option which has been well received by users.
- Dog off-leash park patrols have increased for early mornings and late afternoons patrols. Patrols have also increased to include coverage over the weekend.
- Customer Satisfaction Survey: Council achieved a satisfaction rating of 7.5 out of 10, which was categorised as 'very good', slightly higher than Melbourne Metro average.

³The WAAA meets the requirements of the Public Health and Wellbeing Act 2008 and Disability Act 2006.

Statutory Information

Report against the Food Act 1984 Ministerial directions

In accordance with section 7E (6) of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received within the respective financial year. In the 2019/2020 financial year, Council received no Ministerial Directions associated with the Act.

Freedom of information

The *Freedom of Information Amendment Act 2012* provides the opportunity for the public to access Council documents.

Access to documents may be obtained through a written request to the Freedom of Information Officer, as detailed in section 17 of the Act, and in summary as follows:

- it should be written
- it should identify, as clearly as possible, which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances)

The application form can be found at www.bayside.vic.gov.au/freedom-of-information

The Act allows the Freedom of Information Commissioner to review a decision made by Council in relation to access of information. The Commissioner can deal with complaints regarding the performance of the agency's functions and obligations under the Act. Further details regarding freedom of information, can be found on Council's website

In 2019/2020, Council processed 31 Freedom of Information applications.

Report against the Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are available on Council's website.

During the 2019/2020 reporting year, there were no disclosures under section 13 notified by Council to the Independent Broad-based Anti-corruption Commission (IBAC).

Charter of Human Rights

The *Victorian Charter of Human Rights and Responsibilities Act 2006* (the Charter) came into force in 2008 and protects the fundamental human rights of all people in Victoria.

The Charter contains 20 rights that reflect the four basic principles of freedom, respect, equality and dignity. It requires all public authorities and their employees to act compatibly with human rights in the delivery of services and when making decisions.

Bayside City Council recognises and respects that everyone has the same human rights entitlements allowing them to participate in, and contribute to society and our community.

We recognise that all persons have equal rights in the provision of, and access to Council services and facilities. We also recognise that, at times, such rights may be limited, insofar as to strike a balance between individual rights and the protection of public interest.

The Charter also complements other laws such as equal opportunity legislation and protects basic rights such as freedom of speech, freedom from forced work and freedom from cruel, inhuman or degrading treatment, which previously had no legal protection.

In 2019/2020, one complaint was made to the Human Rights Commissioner.

Each year, the Victorian Equal Opportunity and Human Rights Commission produces a report on the Charter of Human Rights and Responsibilities and local government. The report details how local councils are meeting their human rights obligations and provides examples of good human rights outcomes in our local communities. This report can be found at www.humanrightscormission.vic.gov.au

Information on Privacy commitment and complaints received

Council is committed to protecting the personal privacy of residents and ratepayers. Council will only collect, use or disclose personal information where it is necessary to perform Council functions or where authorised or required by law. Council has an Information Privacy Policy that is available on Council's website.

During 2019/2020 there were no complaints made to the Office of the Victorian Information Commissioner (OVIC).

Victorian Local Government Women's Charter

Council continues its commitment to the Victorian Local Government Women's Charter and the promotion of gender equity, diversity and women's participation in active citizenship. The Charter recognises the need for increased women's participation in the key decision-making forums within the community. At its meeting on 25 June 2019, Council re-affirmed its commitment to the Victorian Local Government Women's Charter.

Report against the Road Management Act 2004

The Bayside Road Management Plan sets out Council's methodology for inspection, maintenance and repair of our roads and road-related assets. It also forms the basis of Council's policy position with regard to our road and road-related assets in accordance with the *Road Management Act 2004*.

A revised version of the Bayside Road Management Plan (Version 5.0) was reviewed and adopted by Council in June 2017 in accordance with the requirements of section 54 (5) of the Road Management Act.

Section 22 of the Road Management Act requires Council to publish a summary of any Ministerial Directions received within the respective financial year. Within the 2019/2020 financial year, Council received no Ministerial Directions associated with the Act.



Statutory Information

Infrastructure and development contributions

In accordance with section 46GM and 46QD of the *Planning and Environment Act 1987*, any Council that is collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind.

For the 2019/2020 year the following information regarding infrastructure and development contributions is disclosed below.

Table 1 – Total DCP levies received in 2019/2020

Council	DCP name	Year approved	Levies received in 2019/20 financial year (\$)
Bayside	Bayside Drainage Development Contributions Plan (DCP) 2017	Aug-17	\$740,430.00

Table 2 – DCP land, works, services or facilities accepted as works-in-kind in 2019/2020

Council	DCP name	Year approved	Project ID	Project description	Item purpose	Project value
Bayside	Bayside Drainage Development Contributions Plan	Aug-17	Nil	Nil	Nil	Nil

Table 3 – Total DCP contributions received and expended to date (for DCPs approved after 1 June 2016)

Council	DCP name	Year approved	Total levies received (\$)	Total levies expended (\$)	Total works-in-kind accepted (\$)	Total DCP contributions received (levies and works-in kind) (\$)
Bayside	Bayside Drainage Development Contributions Plan	Aug-17	\$2,455,902	\$1,612,342.00	Nil	\$2,445,902.00

Table 4 – Bayside Drainage Development Contributions Plan (Approved Aug-17) land, works, services or facilities delivered in 2019/2020 from DCP levies collected

Project description	Project ID	DCP fund expended (\$)	Works-in-kind accepted (\$)	Council's contribution (\$)	Other contributions (\$)	Total project expenditure (\$)	Percentage of item delivered %
Mary Street Beaumaris	DCL 22	\$88,829.00	\$0.00	\$92,454.00	\$0.00	\$181,283.00	66
Hawthorn Road Brighton East Stage 2	DCL 48	\$ 375,556.00	\$0.00	\$390,885.00	\$0.00	\$ 766,442.00	94
		\$464,385.00		\$483,339.00		\$947,725.00	

Where more than 100% of a DCP item has been delivered Council has spent more than the total DCP Project \$ Expenditure (plus indexation) as set out on pages 18 and 19 of the Bayside Drainage DCP document. <https://www.bayside.vic.gov.au/drainage-development-contributions-plan> Therefore that DCP Reserve Account is in Debt. DCP Reserve Accounts in Debit to date include DCL's 4a, 4b, 20, and 22



Performance Statement

for year ended 30 June 2020

Performance Statement for year ending 30 June 2020

Description of municipality

Bayside City Council (the Council) is situated on the coastline of Port Phillip Bay and has an estimated residential population of 106,862, which has been steadily increasing for over a decade.

The City of Bayside covers an area of 37 square kilometres, with its northern boundary eight kilometres from Melbourne's central business district. The coastline of Port Phillip forms the western boundary of Bayside, while the Nepean Highway and the Melbourne to Frankston railway line form most of the eastern boundary.

The City of Bayside is adjoined by the Cities of Port Phillip, Glen Eira and Kingston. Bayside encompasses all or part of the Suburbs of Beaumaris, Black Rock, Brighton, Brighton East, Cheltenham, Hampton, Hampton East, Highett and Sandringham.

Bayside is characterised by quality residential areas and is also home to a variety of businesses. Residents and visitors alike enjoy Bayside's numerous parks, reserves, foreshore, local retail centres, excellent sporting and recreational grounds and buildings, heritage buildings and sites, art galleries and festivals.

Bayside's coastline stretches for 17 kilometres from Head Street, Brighton, in the north to Charman Road, Beaumaris, in the south. It features many attractions such as Ricketts Point Marine Sanctuary, the Artists' Walking Trail, Red Bluff Cliffs, the bathing boxes at Dendy Street beach and Middle Brighton Sea Baths.

Births

Over the past decade, there have been around 972 birth notifications for Bayside per year. Fertility rates and number of births have been steadily decreasing over this period. In 2019/2020 there were 917 birth notifications in Bayside. The expected number of births in future years is currently being reviewed, in light of this trend.

(Source: Maternal and Child Health annual reports, i.d. Population Forecast).

The dominant household type in Bayside is family households – mainly couples with children, followed by older couples without children at home. The high cost of housing in Bayside makes it unaffordable for many young adults and families when they are first establishing themselves, but it is a highly desirable place to live for established families, and for people to remain as they age.

Cultural diversity

Bayside residents are predominantly (69%) born in Australia. The main overseas countries of birth are the United Kingdom, China and New Zealand. Eight out of ten Bayside residents speak English at home. The main non-English languages spoken at home are Greek, Mandarin and Russian.

(Source: Australian Bureau of Statistics, Census of Population and Housing).



Housing

The number of homes in Bayside is increasing. There are currently 42,603 dwellings, and this is forecast to increase to 49,600 by the year 2036. The number of one-person and two-person households is forecast to increase substantially over the next decade, with a smaller increase in family households.

The proportion of separate houses has fallen with the growth of flats, units or apartments and townhouses. Residential property prices have increased significantly over the past ten years. The median house price increased from \$1,050,000 in 2008 to \$1,850,000 in 2018. The median unit price increased from \$510,000 in 2008 to \$840,000 in 2018.

(Source: Department of Environment, Land Water and Planning, A Guide to Property Values, 2017).

Education and occupation

People in Bayside are generally well-educated. The proportion of residents who have completed Year 12 schooling (or equivalent) is higher compared to Greater Melbourne.

In 2016, 39.1% of Bayside residents held a bachelor degree or higher qualification, compared to the Greater Melbourne average of 27.5%.

(Source: Australian Bureau of Statistics, Census of Population and Housing).

More than half of the Bayside's employed residents are professionals (33.7%) or managers (22.4%). This is a much higher proportion than across Greater Melbourne. These occupations, as well as community and personal service workers, are the fastest-growing occupations in Bayside.

(Source: Australian Bureau of Statistics, Census of Population and Housing).

Sport and Recreation facilities

Bayside's parks and bike paths encourage many local residents and visitors to enjoy the outdoors, whether through walking, cycling or pursuing other passive and active recreational activities. The municipality is home to four major yacht clubs and three first-class sand belt golf courses. Council provides a wide range of facilities to cater for the large number of sportspeople in the community. These include 139 parks, 61 playgrounds, 46 sports grounds, an aquatic facility, and 17 kilometres of shared bike paths.

COVID-19 Implications

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. Various measures were taken by all three levels of Government in Australia to reduce the spread of COVID-19.

To ease the financial burden on Bayside residents, local businesses and community groups Council introduced a series of measures effective April 2020 and include:

- Council has extended its financial hardship policy in response to COVID-19 from April 2020. No interest is being charged on late rate payments.
- Support for Community Groups - waived lease and licence fees for some community groups, including sporting clubs
- Relief for local businesses – waiver and deferral of commercial lease revenue, waived fees for footpath trading fees, food premises registration, trader parking permits.

Council's revenue streams have been impacted by COVID-19 primarily in User Fees and Statutory Fees and Charges in the last quarter of 2019/20 which have been offset by savings in discretionary expenditure. In response to COVID-19 restrictions and government directives, libraries, Bayside Art Gallery were closed. These restrictions also resulted in decreased visitations to council facilities and also decreased participation in Council programs. Council continues to monitor the situation, work with the business community and review the initiatives over the coming months.

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation.

Sustainable Capacity Indicators for the year ended 30 June 2020

Indicator/measure	Results				Material variations
	2017	2018	2019	2020	
Population <i>Expenses per head of population</i> [Total expenses / Municipal population]	\$954.76	\$1,020.97	\$1,100.96	\$1,177.90	Council is committed to providing high quality services to the Bayside community in the most efficient way possible. Ongoing savings have been found over the last seven years to contain expenditure per head of municipality. The increase in expenses per head in 2019/20 reflects Council's accelerated capital investment program which has resulted in an increase in depreciation and the disposal of the written down value of assets renewed during the year.
<i>Infrastructure per head of population</i> [Value of infrastructure / Municipal population]	\$4,703.42	\$4,821.96	\$5,051.91	\$5,613.17	The steady increase over the last 5 years relates to Council doubling the level of capital spend to address the need to upgrade Council's ageing Infrastructure. The current year increase also reflects revaluations undertaken in Infrastructure classes to recognise increases in the replacement cost of assets since the last revaluations in June 2017.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	277.31	280.40	284.95	288.04	The population density of Bayside is comparable to other metropolitan councils and reflects the relatively low-density nature of these suburbs.
Own-source revenue <i>Own-source revenue per head of population</i> [Own-source revenue / Municipal population]	\$1,052.61	\$1,093.47	\$1,149.97	\$1,142.94	Growth in other revenue has been subdued relative to the growth in population because of the impact of Covid-19.
Recurrent grants <i>Recurrent grants per head of population</i> [Recurrent grants / Municipal population]	\$118.85	\$101.82	\$98.57	\$97.60	Bayside receives relatively low levels of government grants due to its low levels of socio-economic disadvantage. This places pressure on Council rates and charges as the main source of funding for community services and works.
Disadvantage <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	10	10	10	10	The score indicates that, overall, Bayside had a relative lack of disadvantage when compared to most other local government areas in Victoria, and to metropolitan Melbourne. However, Bayside does have scattered pockets or neighbourhoods experiencing very significant disadvantage, which are masked by the affluence across the municipality.
Workforce turnover <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	11.01%	12.73%	13.6%	8.8%	The workforce turnover has decreased partially attributable to changes in operating models, the impact of COVID-19, and the decline in employment opportunities externally to the organisation. The results of Council's Employee Engagement survey indicate that staff are highly engaged in

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council

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

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

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

"unrestricted cash" means all cash and cash equivalents other than restricted cash.



Service Performance Indicators for the year ended 30 June 2020

Service/indicator/measure	Results				Commentary (as appropriate)
	2017	2018	2019	2020	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0	0	0	0	Council owns two aquatic facilities within the Bayside area: Sandringham Family Leisure Aquatic Centre and Middle Brighton Sea Baths. Both these facilities are operated and managed under private commercial lease agreements. Council is not responsible for the operation or management of the Sandringham Family Leisure Aquatic Centre and Middle Brighton Sea Baths is not technically defined as an aquatic facility.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	This is the first year of this data. 100% success on animal prosecution through the Magistrates Court, as a result of good evidence and detailed briefs
Food Safety Health and safety <i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	100%	100%	100%	Major and critical non-compliances continue to be treated as a priority. Environmental Health Officers ensure that all major and critical issues identified during the assessment are followed up at the required timeframe to mitigate the risk.
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	54	65	71.6	72.10	This rating is sourced from the annual Community Satisfaction Survey conducted by an independent research company. Bayside's result of 72.10 is higher than the metropolitan council average.
Libraries Participation <i>Active library borrowers in the municipality</i> [The sum of the number of active library borrowers in the last 3 financial years / Municipal population] x100	21.92%	21.36%	21.05%	21.64%	Adjustment to data collection process resulted in positive variance; however the long term trend remains gradual increase.
Maternal and Child Health Service (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	81.31%	79.26%	76.67%	79.78%	Participation in the Maternal and Child Health service is voluntary. Monthly reminders for missed visits are sent.
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	65.52%	83.78%	89.19%	91.43%	Participation levels in 2019/2020 have increased and remain consistently high. While disclosure of Aboriginal and Torres Strait Island (ATSI) status is voluntary, MCH nurses continue to encourage disclosure.

Service/indicator/measure	Results				Commentary (as appropriate)
	2017	2018	2019	2020	
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	69	72.10	73.50	74.80	The ongoing trend of improvement each year is attributed to the improved targeting, steady rollout and improving maturity of the road. The level of satisfaction continues to increase over the past three years.
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	45.61%	60.00%	51.79%	63.64%	The success at Victorian Civil and Administrative Tribunal is a reflection of the quality of the applications being submitted, the assessment and decisions being undertaken by both Council Officers and Council's Planning and Amenities Committee.
Waste collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	51.01%	50.01%	50.43%	57.94%	Council has consistently been around the 50% diversion for many years but following the introduction of the food and green waste service the rate of waste diverted from landfill has increased.

RETIRED

Indicator/measure					
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	22	10	18	Retired in 2020	From 1 July 2019, this measure was replaced by Animal Management prosecutions calculated as a percentage of successful animal management prosecutions.

Definitions

"Aboriginal child" means a child who is an Aboriginal person

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

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

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

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

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

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

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

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

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985* of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

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

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

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

"population" means the resident population estimated by council

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

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

Financial Performance Indicators

For the year ended 30 June 2020

Dimension, indicator & measure

Efficiency

Expenditure level

Expenses per property assessment

[Total expenses / Number of property assessments]

Results

2017	2018	2019	2020
\$2,204.74	\$2,360.27	\$2,527.39	\$2,681.46

Forecasts

2021	2022	2023	2024
\$2,514.12	\$2,637.60	\$2,689.38	\$2801.71

Material Variation

Council is committed to providing high quality services to the Bayside community in the most efficient way possible. Ongoing savings have been found over the last seven years to keep expenses per head of municipal population 7% lower than similar Council's. The increase in expenses per head in 2019/20 reflects Council's accelerated capital investment program which has resulted in an increase in depreciation and the disposal of the written down value of assets renewed during the year.

Dimension, indicator & measure

Revenue

Average rate per property assessment

Average rate revenue per property assessment

[Total rate revenue / number of property assessments]

Results

2017	2018	2019	2020
New in 2020	New in 2020	New in 2020	\$1,796.28

Forecasts

2021	2022	2023	2024
\$1,835.22	\$1,878.49	\$1,891.17	\$1,952.38

Material Variation

To maintain a sound financial position, Council will increase investment in the capital program to ensure asset renewal targets are met whilst maintaining service levels expected by the community. To achieve this, general rates and the municipal charge for 2019/20 increased by 2.5%, in accordance with the Fair Go Rates System for 2019/20. The waste management service charge decreased by 1.7% reflecting the cost of providing waste services in 2019/20.

Dimension, indicator & measure

Liquidity

Working capital

Current assets compared to current liabilities

[Current assets / Current liabilities] x100

Results

2017	2018	2019	2020
356.71%	399.84%	383.30%	458.48%

Forecasts

2021	2022	2023	2024
466.69%	373.19%	308.37%	245.08%

Material Variation

Council's result is an indicator of a strong financial position; the variance this year is reflective of a reduction in Council's trade and other payables at 30 June, as a result of Council's commitment to waive the standard payments terms and pay invoices within 7 days to support suppliers during the financial impact of Covid-19 as well as the delay in delivery for some capital projects being carried forward to future years. Given the increasing investment in the capital program in future years, cash and investments will decline, resulting in a future reduction to Council's liquidity ratio.

Dimension, indicator & measure

Unrestricted cash

Unrestricted cash compared to current liabilities

[Unrestricted cash / Current liabilities] x100

Results

2017	2018	2019	2020
174.26%	217.34%	195.19%	213.04%

Forecasts

2021	2022	2023	2024
305.03%	251.33%	216.00%	165.69%

Material Variation

Unrestricted cash and current liabilities have both decreased during the year. However, current liabilities movement includes a slightly higher reduction than unrestricted cash, mainly as a result of Council's commitment to waive the standard payment terms and pay invoices within 7 days to support suppliers during the financial impact of Covid-19, offset by the requirement to recognise Council's eligible operating leases on balance sheet.

Dimension, indicator & measure

Obligations

Asset renewal and upgrade

Asset renewal and upgrade compared to depreciation

[Asset renewal and asset upgrade expenses / Asset depreciation] x100

Results

2017	2018	2019	2020
New in 2020	New in 2020	New in 2020	114.32%

Forecasts

2021	2022	2023	2024
166.07%	218.37%	223.69%	123.69%

Material Variation

To ensure assets are maintained and meet community expectations, Council maintains an increased expenditure on capital works to renew its ageing infrastructure.

Dimension, indicator & measure

Loans and borrowings

Loans and borrowings compared to rates

[Interest bearing loans and borrowings / Rate revenue] x100

Results

2017	2018	2019	2020
2.49%	0%	0%	0%

Forecasts

2021	2022	2023	2024
0%	0%	0%	0%

Material Variation

The accelerated debt reduction strategy resulted in Council being debt free in 2018.

Loans and borrowings repayments compared to rates

[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x10

Results

2017	2018	2019	2020
6.58%	2.52%	0%	0%

Forecasts

2021	2022	2023	2024
0%	0%	0%	0%

Material Variation

The accelerated debt reduction strategy resulted in Council being debt free in 2018.

Dimension, indicator & measure

Indebtedness

Non-current liabilities compared to own source revenue

[Non-current liabilities / Own source revenue] x100

Results

2017	2018	2019	2020
0.90%	0.70%	0.79%	1.64%%

Forecasts

2021	2022	2023	2024
1.72%	1.81%	1.94%	2.05%

Material Variation

The significant movement relates to the recognition of Council's eligible operating leases on balance sheet, following the implementation of AASB 16 Leases which has increased Council's current and non-current liabilities compared to own source revenue.

Dimension, indicator & measure

Operating position

Adjusted underlying result

Adjusted underlying surplus (or deficit)

[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100

Results

2017	2018	2019	2020
19.05%	15.40%	12.73%	5.47%

Forecasts

2021	2022	2023	2024
11,56%	10.95%	9.52%	8.49%

Material Variation

The movement in underlying surplus relates to a reduction in operating revenue compared to last year, including a reduction in rental income as a result of the Victorian Government Rent relief regulations as well as a slight reduction on interest revenue. Expenditure also increased during the year, mainly depreciation expense as a result of Infrastructure revaluations as well as the increased capital program.

Financial Performance Indicators

For the year ended 30 June 2020

Dimension, indicator & measure

Stability

Rates concentration

Rates compared to adjusted underlying revenue

[Rate revenue / Adjusted underlying revenue] x100

Results

2017	2018	2019	2020
70.47%	71.01%	71.86%	73.89%

Forecasts

2021	2022	2023	2024
74.95%	73.82%	74.25%	74.57%

Material Variation

The shifting of costs from Federal and State Governments as well as low parking fee and fine revenue relative to other Council's means Council will continue to rely heavily on rate income to fund operational services and capital works.

Dimension, indicator & measure

Rates effort

Rates compared to property values

[Rate revenue / Capital improved value of rateable properties in the municipality] x100

Results

2017	2018	2019	2020
0.15%	0.15%	0.14%	0.14%

Forecasts

2021	2022	2023	2024
0.15%	0.15%	0.15%	0.16%

Material Variation

Rate increases are in accordance with the rate capping framework.



RETIRED, Dimension, indicator & measure

Average residential rate per residential property assessment

[Residential rate revenue / Number of residential property assessments]

Results

2017	2018	2019	2020
\$1,928.35	\$1,983.61	\$2,095.39	Retired in 2020

Comment

As of 1 July 2019, this measure was replaced by Average rate per property assessment.

RETIRED, Dimension, indicator & measure

Asset renewal compared to depreciation

[Asset renewal expense / Asset depreciation] x 10

Results

2017	2018	2019	2020
107.46%	107.43%	121.23%	Retired in 2020

Comment

As of 1 July 2019, this measure was replaced by Average rate per property assessment.

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

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

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

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

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

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

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other Information

For the year ended 30 June 2020

Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan.

The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 30 June 2020 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General-Purpose Financial Statements. The strategic resource plan can be obtained by contacting Bayside City council on 9599-4444 or can be viewed on Council's website www.bayside.vic.gov.au



Certification of the performance statement

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



Bill Shanahan CPA
Principal Accounting Officer
Dated: 15 September 2020

In our opinion, the accompanying performance statement of *Bayside City Council* for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

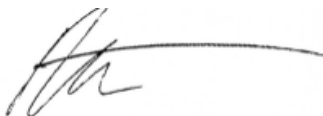
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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

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



Sonia Castelli
Councillor
Dated: 15 September 2020



Rob Grinter
Councillor
Dated: 15 September 2020



Mick Cummins
Chief Executive Officer
Dated: 15 September 2020

Independent Auditor's Report

To the Councillors of Bayside City Council

Opinion	<p>I have audited the accompanying performance statement of Bayside City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • other information and • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

MELBOURNE
22 September 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria



Financial Report 2019-20

Table of Contents

FINANCIAL REPORT		Note 5 Our financial position	145
Certification of the Financial Statements	122	5.1. Financial assets	145
Victorian Auditor-General's Office Auditors' Report	123	5.2. Non-financial assets	147
		5.3. Payables	148
FINANCIAL STATEMENTS	125	5.4. Provisions	149
Comprehensive Income Statement	125	5.5. Financing arrangements	150
Balance Sheet	126	5.6. Commitments	151
Statement of Changes in Equity	127	5.7. Leases	152
Statement of Cash Flows	128		
Statement of Capital Works	129	Note 6 Assets we manage	155
		6.1. Current assets classified as held for sale	155
OVERVIEW	130	6.2. Property, infrastructure plant and equipment	156
NOTES TO THE FINANCIAL REPORT	130		
Note 1 Performance against budget	131	Note 7 People and relationships	166
1.1. Income and expenditure	131	7.1. Council and key management remuneration	166
1.2. Capital works	134	7.2. Related party disclosure	168
Note 2 Analysis of Council results by program	136	Note 8 Managing uncertainties	169
Note 3 Funding for the delivery of our services	137	8.1. Contingent assets and liabilities	169
3.1. Rates and charges	137	8.2. Change in accounting standards	171
3.2. Statutory fees and fines	137	8.3. Financial instruments	172
3.3. User fees	138	8.4. Fair value measurement	174
3.4. Funding from other levels of government	138	8.5. Events occurring after balance date	175
3.5. Contributions	140	Note 9 Other matters	176
3.6. Net loss on disposal of property, infrastructure, plant and equipment	140	9.1 Reserves	176
3.7. Rental income	141	9.2 Reconciliation of cash flows from operating activities to surplus	179
3.8. Interest income	141	9.3 Superannuation	180
3.9. Other income	141	9.4 Change in accounting estimate	184
Note 4 The cost of delivering services	142	Note 10 Change in accounting policy	185
4.1. Employee costs	142		
4.2. Materials and services	142		
4.3. Depreciation	143		
4.4. Amortisation - intangible assets	143		
4.5. Amortisation - right of use assets	143		
4.6. Bad and doubtful debts	143		
4.7. Impairment loss on property, infrastructure, plant and equipment	144		
4.8. Finance Costs - Leases	144		
4.9. Other expenses	144		

Certification of the Financial Statements

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



Bill Shanahan CPA
Principal Accounting Officer
Dated: 15 September 2020
Sandringham

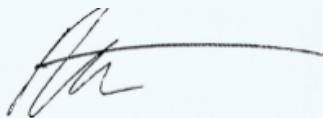
In our opinion the accompanying financial statements present fairly the financial transactions of Bayside City Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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



Sonia Castelli
Councillor
Dated: 15 September 2020



Rob Grinter
Councillor
Dated: 15 September 2020



Mick Cummins
Chief Executive Officer
Dated: 15 September 2020

Independent Auditor's Report

To the Councillors of Bayside City Council

Opinion	<p>I have audited the financial report of Bayside City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements.
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In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the *Local Government Act 1989* and applicable Australian Accounting Standards.

Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p>
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My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Councillors's responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p>
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In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
22 September 2020



Sarichu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement for the Financial year ended June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	97,954	95,496
Statutory fees and fines	3.2	8,301	7,948
User fees	3.3	7,924	8,917
Grants - operating	3.4(a)	10,613	11,280
Grants - capital	3.4(b)	1,077	1,235
Contributions	3.5	3,573	6,546
Contributions - non monetary	3.5	2,528	–
Rental Income	3.7	2,993	4,167
Interest Income	3.8	2,874	3,235
Other income	3.9	2,091	1,704
Total income		139,928	140,528
Expenses			
Employee costs	4.1	45,566	43,816
Materials and services	4.2	51,423	49,718
Depreciation	4.3	20,548	18,373
Amortisation - intangible assets	4.4	896	774
Amortisation - right of use assets	4.5	836	–
Bad and doubtful debts	4.6	1,901	678
Net loss on disposal of property, infrastructure, plant and equipment	3.6	3,984	1,910
Impairment loss on financial assets	4.7	245	302
Finance Costs - leases	4.8	77	–
Other expenses	4.9	397	406
Total expenses		125,873	115,977
Surplus for the year		14,055	24,551
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.2	55,905	(414,004)
Total comprehensive result		69,959	(389,453)

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

Balance Sheet as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	473	5,604
Trade and other receivables	5.1(c)	8,575	7,301
Other financial assets	5.1(b)	104,028	96,027
Inventories	5.2(a)	144	102
Non-current assets classified as held for sale	6.1	3,064	5,683
Other assets	5.2(b)	1,390	2,524
Total current assets		117,675	117,241
Non-current assets			
Trade and other receivables	5.1(c)	114	178
Other financial assets	5.1(b)	3,000	8,230
Property, infrastructure, plant and equipment	6.2	3,401,778	3,332,347
Right-of-use assets	5.7	1,744	–
Intangible assets	5.2(c)	2,774	3,008
Other assets	5.2(b)	130	130
Total non-current assets		3,409,540	3,343,893
Total assets		3,527,215	3,461,134
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	8,285	15,015
Trust funds and deposits	5.3(b)	4,945	4,426
Provisions	5.4	10,130	10,685
Income in advance	5.3(c)	1,463	461
Lease liabilities	5.7	844	–
Total current liabilities		25,667	30,587
Non-current liabilities			
Provisions	5.4	1,084	965
Lease liabilities	5.7	922	–
Total non-current liabilities		2,006	965
Total liabilities		27,673	31,552
Net assets		3,499,542	3,429,582
Equity			
Accumulated surplus		899,520	892,911
Reserves	9.1	2,600,022	2,536,671
Total Equity		3,499,542	3,429,582

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

Statement of Changes in Equity For the Year Ended 30 June 2020

2020	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		3,429,582	892,911	2,470,590	66,081
Surplus for the year		14,055	14,055	–	–
Net asset revaluation increment	9.1(a)	55,905	–	55,905	–
Transfers to other reserves	9.1(b)	–	(17,189)	–	17,189
Transfers from other reserves	9.1(b)	–	9,743	–	(9,743)
Balance at end of the financial year		3,499,542	899,520	2,526,495	73,527

2019	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		3,813,080	879,076	2,884,594	49,410
Adjustment to opening balance		5,955	5,955	–	–
Restated balances		3,819,035	885,031	2,884,594	49,410
Surplus for the year		24,551	24,551	–	–
Net asset revaluation (decrement)	9.1(a)	(414,004)	–	(414,004)	–
Transfers to other reserves	9.1(b)	–	(24,807)	–	24,807
Transfers from other reserves	9.1(b)	–	8,136	–	(8,136)
Restated balance at end of the financial year		3,429,582	892,911	2,470,590	66,081

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

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		97,058	94,972
Statutory fees and fines		7,351	7,094
User fees		7,456	11,921
Rental income		3,505	4,167
Grants – operating		11,072	11,326
Grants – capital		1,132	1,264
Contributions – monetary		3,573	6,546
Interest received		3,248	3,015
Trust funds and deposits taken		2,503	3,734
Other receipts		1,866	1,710
Net GST refund/(payment)		6,905	6,902
Employee costs		(45,620)	(42,751)
Materials and services		(58,894)	(55,510)
Short-term, low value and variable lease payments		(363)	–
Trust funds and deposits repaid		(1,984)	(3,960)
Other payments		(397)	(406)
Net cash provided by operating activities	9.2	38,413	50,024
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(40,116)	(31,640)
Proceeds from sale of assets held for sale		462	–
Payments for investments		(3,000)	(14,501)
Net cash used in investing activities		(42,654)	(46,141)
Cash flows from financing activities			
Interest paid – lease liability		(77)	–
Repayment of lease liabilities		(813)	–
Net cash used in financing activities		(890)	–
Net increase / (decrease) in cash and cash equivalents		(5,131)	3,883
Cash and cash equivalents at the beginning of the financial year		5,604	1,721
Cash and cash equivalents at the end of the financial year	5.1(a)	473	5,604

Restrictions on cash assets 5.1

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

Statement of Capital Works For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Property			
Buildings		12,784	8,792
Building improvements		1,839	1,561
Total buildings		14,623	10,353
Total property		14,623	10,353
Plant and equipment			
Arts and culture collection		85	16
Plant, machinery and equipment		27	–
Fixtures, fittings and furniture		67	398
Computers and telecommunications		857	1,155
Library books		365	416
Total plant and equipment		1,402	1,985
Infrastructure			
Roads		6,608	5,184
Footpaths and cycleways		2,670	4,166
Drainage		2,580	2,651
Parks, open space and streetscapes		6,177	6,609
Foreshore and conservation		1,087	1,615
Off street car parks		533	1,840
Road management, traffic signals and street furniture		629	543
Laneways		196	–
Total infrastructure		20,481	22,608
Total capital works expenditure		36,506	34,946
Represented by:			
New asset expenditure		4,414	4,546
Asset renewal expenditure		22,176	22,274
Asset expansion expenditure		8,602	814
Asset upgrade expenditure		1,314	7,312
Total capital works expenditure		36,506	34,946

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

Notes to the Financial Report For the Year Ended 30 June 2020

Overview

Introduction

The Bayside City Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 76 Royal Avenue Sandringham 3191.

Statement of compliance

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

Significant accounting policies

Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- other areas requiring judgments

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 (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1M where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 25 June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Var %	Ref
Income					
Rates and charges	97,862	97,954	92	0.1%	
Statutory fees and fines	7,138	8,301	1,163	16%	1
User fees	8,123	7,924	(199)	(2%)	
Grants – operating	10,564	10,613	49	0%	
Grants – capital	2,147	1,077	(1,070)	(50%)	2
Contributions – monetary	2,113	3,573	1,460	69%	3
Contributions – non-monetary	–	2,528	2,528	100%	4
Rental	4,170	2,993	(1,177)	(28%)	5
Interest	2,430	2,874	444	18%	6
Net gain on disposal of assets held for sale	1,556	462	(1,094)	(70%)	7
Other income	1,935	2,091	156	8%	
Total income	138,038	140,390	2,352	2%	
Expenses					
Employee costs	46,891	45,566	1,325	3%	8
Materials and services	49,207	51,423	(2,216)	(5%)	9
Bad and doubtful debts	226	1,901	(1,675)	(741%)	10
Depreciation	18,272	20,548	(2,276)	(12%)	11
Amortisation – Intangible assets	718	896	(178)	(25%)	12
Amortisation – Right of use assets	–	836	(836)	100%	13
Finance costs – Leases	–	77	(77)	100%	14
Net loss on disposal of property, infrastructure, plant and equipment	–	4,446	(4,446)	100%	15
Impairment loss on financial assets	–	245	(245)	100%	16
Other expenses	441	397	44	10%	
Total expenses	115,755	126,335	(10,580)	(9%)	
Surplus/(deficit) for the year	22,283	14,055	(8,229)	(37%)	

Notes to the Financial Report

For the Year Ended 30 June 2020

Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	The \$1.16 million favourable variance to budget relates mainly to an increase in parking revenue of \$1.0 million as a result of improved Court recoveries as well as a slight improvement in the number of Infringements issued compared to budget. In addition to \$0.42 million revenue from pool registrations due to the new Victorian Government's <i>Building Amendment (Swimming Pool and Spa) Regulations 2019</i> , partly offset by a reduction of \$0.41 million in Statutory Planning Applications due to a reduction in the size and type of applications received.
2	Grants – Capital	The (\$1.07 million) unfavourable variance to budget is mainly a result of capital funding for Fern Street Childcare Centre of (\$0.8 million), now expected to be received in 2020/21. Additional funding was received during the year from the Safe Travel in Local Streets Program of \$0.3 million, as well as \$0.075 million received in relation to the Annual Road Reseal and Resheet Program, partly offset by (\$0.4 million) related to funding for the construction of Sandringham Library Redevelopment received in June 2019.
3	Contributions monetary	The \$1.44 million favourable variance to budget includes increased Resort & Recreation Levy income which was \$0.78 million favourable to budget reflecting increased development across the municipality. Unbudgeted drainage contributions of \$0.74 million were also received from developers in 2019/20. These funds are to be transferred to reserves to fund future open space and drainage infrastructure expenditure.
4	Contributions non-monetary	The \$2.5 million favourable variance relates to the recognition of Land and Land Improvements contributed to Council in relation to the construction of a new development within the municipality.
5	Rental Income	The unfavourable variance of (\$1.1 million) is mainly associated to the financial impact of Covid-19. Primarily made up of rent relief to Commercial Tenants of (\$0.64 million) as a result of State Government Regulations, short-term rental hire and winter allocation fees for sporting clubs (\$0.11 million) and Community tenancies (\$0.03 million). In addition, Council approved the rent deferral for a Tenant pre COVID-19 (\$0.25 million) and (\$0.18 million) related to a reduction in annual rent as a result of a market rent review.
6	Interest Income	The favourable variance of \$0.44 million is due to favourable operating results and the carry forward of capital projects from previous years as well as additional interest received of \$0.2M as a result of the delay in settlement on the sale of Council property to 2020/21.
7	Net gain on disposal of assets held for sale	The unfavourable variance of (\$1.0 million) relates to the delay in settlement on the sale of Council Property, now expected in 2020/21.
8	Employee costs	Employee costs were \$1.3 million underspend due primarily to the redundancy of two budgeted positions, in addition to staff vacancies during the year, a reduction of overtime expenditure as a result of the closure of a number of Council facilities following the impact of Covid-19 and a reduction in staff hours in Aged and Disability due to the transition of final clients to the National Disability and Insurance Scheme (NDIS).

Variance Ref	Item	Explanation
9	Materials and Services	Materials and services were (\$2.21 million) unfavourable to budget and included (\$0.65 million) in increased Legal Fees for planning appeals, contractual and property and lease management matters, Council's contribution of (\$0.41 million) for irrigation works in one of Council's leased properties, write-offs for assets which do not meet Council's capitalisation criteria (\$1.6 million), additional expenditure of (\$0.97 million) for consultant services related to contractual and construction matters. This is partly offset by a reduction of lease payments of \$0.8 million as a result of changes to Accounting Standards which requires Council to recognise the right of use of leased assets and related liability on balance sheet, and to disclose the lease payments as amortisation and interest costs instead.
10	Bad and doubtful debts	The overspend against budget is due to an increase in provision of (\$0.38M) in relation to outstanding capital contributions from sporting clubs to reflect the unknown impact of Covid-19 on debt collectability, in addition to an increase of (\$0.41 million) in relation to the deferred commercial rent payable in future years, per the Victorian State Government Regulations, as well as an increase in the provision for parking fines reflecting an increase in fines issued and debt outstanding (\$0.9M).
11	Depreciation	Depreciation was (\$2.2 million) unfavourable to budget due to the increased investment in the accelerated capital program as well as the Buildings and Infrastructure Revaluations for Roads and Footpaths classes which occurred as at 31st March 2020 and resulted in an increased depreciation expense for the period April to June 2020.
12	Amortisation - Intangible assets	The increase in amortisation expense for Intangibles reflects increased capital expenditure and the relative short-life of intangibles assets.
13	Amortisation - Right of Use assets	The unfavourable variance of (\$0.83 million) is as a result of the implementation of changes to AASB 16 Leases which requires Council to recognise the right of use of eligible leased assets and related liability on balance sheet, and to disclose the lease payments as amortisation and interest costs from 1 July 2019.
14	Finance Costs - Leases	The unfavourable variance of (\$0.07 million) is as a result of the implementation of changes to AASB 16 Leases which requires Council to recognise the right of use of eligible leased assets and related liability on balance sheet, and to disclose the lease payments as amortisation and interest costs from 1 July 2019.
15	Net loss on disposal of property, infrastructure, plant and equipment	The written-down value of infrastructure assets which have been replaced during the year as part of the capital renewal program have been written-off. This includes Sandringham Library, pavilions, roads, footpaths, drainage and Golf Club assets.
16	Impairment loss on financial assets	An impairment loss on the carrying value of Council's investment in Council's Regional Kitchen Shareholding interests.

Notes to the Financial Report For the Year Ended 30 June 2020

1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Var 2020 %	Ref
Property					
Land	9,000	–	(9,000)	100%	1
Total Land	9,000	–	(9,000)	100%	
Buildings	18,951	12,784	(6,167)	(33%)	2
Building improvements	2,267	1,839	(428)	(19%)	3
Total Buildings	21,218	14,623	(6,595)	(31%)	
Total Property	30,218	14,623	(15,595)	(52%)	
Plant and Equipment					
Arts and cultural collection	214	85	(129)	(60%)	4
Plant, machinery and equipment	–	27	27	100%	
Fixtures, fittings and furniture	75	67	(8)	(11%)	
Computers and telecommunications	1,391	857	(534)	(38%)	5
Library books	440	365	(75)	(17%)	
Total Plant and Equipment	2,120	1,402	(718)	(34%)	
Infrastructure					
Roads	4,521	6,608	2,087	46%	6
Footpaths and cycleways	3,165	2,866	(299)	(9%)	
Drainage	2,237	2,580	343	15%	7
Parks, open space and streetscapes	15,108	6,177	(8,931)	(59%)	8
Foreshore and conservation	2,840	1,087	(1,753)	(62%)	9
Off street car parks	906	533	(373)	(41%)	10
Other infrastructure	1,069	629	(440)	(41%)	11
Total Infrastructure	29,846	20,481	(9,365)	(31%)	
Total Capital Works Expenditure	62,184	36,506	(25,678)	(41%)	
Represented by:					
New asset expenditure	18,409	4,414	(13,995)	(76%)	
Asset renewal expenditure	27,927	22,176	(5,751)	(21%)	
Asset expansion expenditure	14,243	8,602	(5,641)	(40%)	
Asset upgrade expenditure	1,605	1,314	(291)	(18%)	
Total Capital Works Expenditure	62,184	36,506	(25,678)	(41%)	

Variance Ref	Item	Explanation
1	Land	The \$9M purchase of the CSIRO land for the establishment of the Highett Library did not proceed in 2019/20 due to ongoing negotiations between the Commonwealth and the developers. The purchase from the developers is expected to proceed in 2021/22.
2	Buildings	The \$6.1M underspend in building is mainly due to the carry forward of the Dendy St Beach Pavilion 1.7M, due to delays caused by VCAT approval and soil remediation works. In addition to \$1.1M for Fern Street Early Years Integration Children's Centre to be carried forward to 2021/22 as well as the carry forward of pavilion projects expected to be completed in 2020/21 including Elsternwick Park Oval 2 \$0.98M, Beaumaris Hub at Beaumaris Reserve \$0.85M and AW Oliver Pavilion \$0.72M
3	Building improvements	The \$0.48M underspend is due mainly to the delay of construction of Public Toilets under Council's Public Toilet Strategy, delayed to coincide with the Playground Construction works in 2020/21.
4	Arts and cultural collection	Underspend of \$0.12M due to Community consultation on the identification of an appropriate location for public artwork delaying the project with the installation to take place in 2020/21
5	Computers and telecommunications	The underspend of \$0.8M relates mainly to a delay in implementation of Microsoft Office 365, the Enterprise Integration Platform and the Customer Data Management systems.
6	Roads	The overspend of (\$2.0M) is mainly due to bringing forward capital works from 2020/21 for the Road Reseal and Resheet Program, the Road Reconstruction Program and the Kerb and Channel Renewal Program of (\$1.9M).
7	Drainage	The overspend of (\$0.34M) is mainly due to bringing forward capital works from 2020/21 in relation to the Integrated Water Management Strategy Implementation - Year 1 as well as a number of Drainage renewals in Sandrigham and Brighton.
8	Parks, open space and streetscapes	The \$8.9M underspend relates mainly to the carry forward of the Bayside Netball Centre \$6.5M, now deferred to 2022/23. In addition to savings of \$0.42M in the delivery of the Playground Renewal Program for 2019/20, now carried forward to 2020/21, as well as savings in the Streetscape Upgrade Hampton East \$0.56M and \$0.74M Sillitoe Reserve Hybrid Grass Installation deliveries.
9	Foreshore and conservation	\$1.7M underspend is primarily made up of HMVS Preservation works \$0.54M have been deferred pending ongoing project risk assessment and consideration of alternative solutions, in addition to carry forward of Masterplan Implementation Red Bluff to Half Moon Bay \$0.46M and Masterplan Implementation Black Rock Foreshore \$0.31M
10	Off street car parks	The underspend in car park projects is largely due to savings in the conversion of a Brighton site to Car Park which did not receive State Government approval to re-zone.
11	Other infrastructure	The underspend of \$0.44M is mainly due to the carry forward of the Parking Technology for Church Street delayed to 2020/21

Notes to the Financial Report For the Year Ended 30 June 2020

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) CEO Division

The CEO Division provides oversight of the organisations and each of its Directorates with immediate direct support to Council in the areas of strategic planning, business improvements, service planning and human resources management for the organisation.

Corporate Services

Corporate Services provides support to Council in the areas of budgeting, governance, property and procurement, information technology to include IT support and digital transformation, occupational health, safety and welfare and delivery of the Enterprise Project Management Program for the community.

Environment, Recreation and Infrastructure

Environment, Recreation and Infrastructure provides high quality community focused programs, service delivery and is responsible for constructing new infrastructure and maintaining existing infrastructure across a diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, environment and waste, city works, parks and gardens, sustainability and transport.

City Planning and Amenity

City Planning and Amenity include the assessment of city development, health and local laws, planning strategy and urban growth of the community.

Community and Customer Experience

Community and Customer Experience provides high quality community focused programs, service delivery and communication to residents. Community and Customer Experience is comprised of community services, aged and disability services, family services, youth services, communications and engagement and customer and cultural services including libraries and arts and culture.

(b) Summary of revenues, expenses and assets by program

	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2020					
Executive	2,693	2,693	–	–	–
Corporate Services	25,435	25,435	–	2,895	11,821
Environment, Recreation and Infrastructure	74,687	60,632	14,055	1,336	3,506,932
City Planning and Amenity	16,007	16,007	–	372	1,524
Community and Customer Experience	21,106	21,106	–	7,086	6,938
	139,928	125,873	14,055	11,690	3,527,215
2019					
Executive	3,030	3,030	–	–	–
Corporate Services	19,434	19,434	–	2,711	12,252
Environment, Recreation and Infrastructure	81,401	56,850	24,551	1,661	3,438,578
City Planning and Amenity	15,892	15,892	–	359	1,563
Community and Customer Experience	20,771	20,771	–	7,784	8,741
	140,528	115,977	24,551	12,515	3,461,134

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Capital Improved Value (C.I.V.) as the basis of valuation of all properties within the municipal district. The C.I.V. of a property is the market value of land and improvements.

The valuation base used to calculate general rates for 2019/20 was \$67,803 million (2018/19 \$69,410 million).

	2020 \$'000	2019 \$'000
General rates	76,843	73,967
Municipal charge	7,105	6,829
Waste management charge	13,308	13,485
Supplementary rates and rate adjustments	373	870
Cultural and recreational	325	345
Total rates and charges	97,954	95,496

The date of the latest general revaluation of land for rating purposes within the municipal district was 01/01/2019, and the valuation was first applied in the rating year commencing 01/07/2019. Council's rate revenue increase complied with the Victorian Government rate cap of 2.5% set for 2019/20.

Annual rates and charges are recognised on a straight-line basis over the rating period for which the Rates and Charges are raised. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

	2020 \$'000	2019 \$'000
Infringements and costs		
• Parking	4,033	4,140
• Animal management	80	70
• Compulsory voting enforcement	8	6
• Other	56	76
Court recoveries	1,323	1,243
Town planning fees	1,524	1,627
Land information certificates	114	105
Building permits	1,067	586
Other	97	95
Total statutory fees and fines	8,301	7,948

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

Notes to the Financial Report For the Year Ended 30 June 2020

3.3 User fees

	2020 \$'000	2019 \$'000
Aged and health services	1,027	1,057
Open space and recreation	519	703
Planning and infrastructure	1,639	1,645
Children's services	13	18
Parking	1,808	1,989
Animal registration permits	1,284	1,212
Amenity protection	918	1,383
Waste management services	96	50
Other fees and charges	620	860
Total user fees	7,924	8,917

User fees by timing of revenue recognition

User fees recognised over time	—	—
User fees recognised at a point in time	7,924	8,917
Total user fees	7,924	8,917

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

3.4 Funding from other levels of government

Grants were received in respect of the following:

	2020 \$'000	2019 \$'000
Summary of grants		
Commonwealth funded grants	8,720	8,000
State funded grants	2,942	4,405
Other	28	110
Total grants received	11,690	12,515

(a) Operating grants

Recurrent – Commonwealth Government

Financial assistance grants	2,910	2,711
General home care	3,377	3,197
Aged care	926	1,005
Assessment and Review	694	694
Other	9	11

Recurrent – State Government

Aged care	8	26
General home care	172	678
School crossing supervisors	352	338
Youth services	24	72
Libraries	665	648
Maternal and child health	682	753
Community safety and wellbeing	220	267

Recurrent – Other

Environmental health	20	21
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Total recurrent operating grants	10,059	10,421
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	Note	2020 \$'000	2019 \$'000
(a) Operating grants (continued)			
Non-recurrent – Commonwealth Government			
Regional projects		336	382
Open Space		30	–
Delivered Meals		67	–
Non-recurrent – State Government			
Environmental		–	80
Regional projects		112	257
Library		1	16
Youth services		–	35
Non-recurrent – Other			
Health		5	88
Other		3	1
Total non-recurrent operating grants		554	859
Total operating grants		10,613	11,280
(b) Capital Grants			
Recurrent – Commonwealth Government			
Roads to recovery		371	–
Total recurrent capital grants		371	–
Non-recurrent – State Government			
Buildings		56	1,060
VicRoads		650	175
Total non-recurrent capital grants		706	1,235
Total capital grants		1,077	1,235
(c) Unspent grants received on condition that they be spent in a specific manner			
Operating			
Balance at start of year		2,309	1,620
Received during the financial year and remained unspent at balance date		435	2,309
Received in prior years and spent during the financial year		(2,309)	(1,620)
Balance at year end		435	2,309
Capital			
Received during the financial year and remained unspent at balance date		55	–
Balance at year end		55	–
Total Unspent grants	9.1(b)	490	2,309

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

Notes to the Financial Report For the Year Ended 30 June 2020

3.5 Contributions

	2020 \$'000	2019 \$'000
Monetary - Operating		
VicRoads road maintenance	28	28
Other	10	116
	38	144
Monetary - Capital		
Open space contributions	2,781	5,056
Drainage	740	1,312
Roads	15	34
	3,535	6,402
Total monetary contributions	3,573	6,546
Non-monetary	2,528	-
Total contributions	6,101	6,546

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

Land	2,340	-
Buildings	172	-
Laneways	13	-
Drainage	3	-
Total non-monetary contributions	2,528	-

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

3.6 Net loss on disposal of property, infrastructure, plant and equipment

	2020 \$'000	2019 \$'000
Disposal of non-current assets held for sale		
Proceeds of sale	462	-
Gain from disposal of non-current asset held for sale	462	-

A 10% non-refundable deposit on the sale of Council Property was received during the year, with settlement expected in 2020/21. A gain or loss on sale will be determined when control of the asset passes to the buyer.

Written down value of asset disposed		
Foothpaths and cycleways	(465)	(473)
Roads	(280)	(716)
Drains	(2)	(105)
Buildings	(3,445)	(608)
Intangibles	-	(8)
Road management	(254)	-
Total loss on disposal of assets	(4,446)	(1,910)
Total net loss on disposal of property, infrastructure, plant and equipment	(3,984)	(1,910)

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer or when Council disposes of the asset or part of, as part of its capital works renewal program.

3.7 Rental income

	2020 \$'000	2019 \$'000
Golf Courses	459	1,066
Other recreation facilities	1,146	1,410
Mobile phone facilities	678	772
Food premises	516	654
Other rentals	194	265
Total rental income	2,993	4,167

Council has assessed its rental leases where Council is lessor to be operating leases; lease payments are recognised on a straight-line basis over the lease term.

3.8 Interest income

	2020 \$'000	2019 \$'000
Interest – Cash and cash equivalents	2,234	2,800
Interest – Rates late payment	432	435
Interest – Other	208	–
Total interest income	2,874	3,235

Interest is recognised as it is earned. Other relates to interest received as a result of the delay in settlement on the sale of Council Property, now expected to settle in 2020/21.

3.9 Other income

	2020 \$'000	2019 \$'000
Cost recovery	898	875
Sale of roads and laneways	378	566
Sales of bathing boxes	305	–
Employee contributions	234	230
Other	276	33
Total other income	2,091	1,704

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.

Notes to the Financial Report For the Year Ended 30 June 2020

Note 4 The cost of delivering services

4.1(a) Employee costs

	2020 \$'000	2019 \$'000
Wages and salaries	39,230	36,645
WorkCover	366	310
Casual staff	684	901
Superannuation	3,577	3,403
Fringe benefits tax	299	299
Agency Staff	1,410	2,258
Total employee costs	45,566	43,816

(b) Superannuation

Council made contributions to the following funds:

Scheme	Type of scheme	Rate	2020 \$'000	2019 \$'000
Vision Super	Defined Benefits	9.50%	\$156	\$179
Vision Super	Accumulation	9.50%	\$1,768	\$1,638
Other Funds	Accumulation	9.50%	\$1,756	\$1,575

\$149,270 employer contributions payable at reporting date (2019: \$0)

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

	2020 \$'000	2019 \$'000
Contracts		
• Environmental sustainability and open space services	20,616	19,952
• City works services	3,078	2,605
• Other services	1,685	1,064
• General maintenance	3,450	3,647
• Building maintenance	2,111	2,152
Services and purchases	11,812	11,614
Motor vehicle costs	359	813
Rental/leases	548	769
Office administration	904	824
Insurance	921	832
Community grants and sponsorship	814	938
Utilities and taxes	2,441	2,518
Other	2,684	1,990
Total materials and services	51,423	49,718

4.3 Depreciation

	Note	2020 \$'000	2019 \$'000
Buildings		5,355	4,651
Plant and equipment		945	929
Infrastructure		14,248	12,793
Total depreciation		20,548	18,373

4.4 Amortisation - Intangible assets

	2020 \$'000	2019 \$'000
Software	896	774
Total Amortisation - Intangible assets	896	774

Refer to note 5.2(c), 5.7 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.5 Amortisation - Right of use assets

	2020 \$'000	2019 \$'000
Plant and equipment	255	–
Vehicles	481	–
Other	100	–
Total Amortisation - Right of use assets	5.8	836

4.6 Bad and doubtful debts

	2020 \$'000	2019 \$'000
Parking fine debtors	1,104	691
Other debtors	797	(13)
Total bad and doubtful debts	1,901	678

Movement in provisions for doubtful debts

Balance at the beginning of the year	2,569	1,963
New provisions recognised during the year	1,901	678
Amounts already provided for and written off as uncollectible	(202)	(72)
Balance at end of year	4,268	2,569

Provision for doubtful debts are recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment. Given the significant financial impact of COVID-19, Council has increased its provision for doubtful debt as the impact on future collectability is uncertain. The increase in other debtors, relates primarily to a provision for outstanding sporting club contributions as well as outstanding rental debtors at 30 June 2020.

Notes to the Financial Report For the Year Ended 30 June 2020

4.7 Impairment loss on financial assets

	Note	2020 \$'000	2019 \$'000
Impairment loss		245	302
Total impairment loss		245	302

The loss on impairment of Council's unlisted shares in the Regional Kitchen Pty Ltd arises as a result of a current valuation which confirms that the value of the shares is nil at 30 June 2020. Prior year loss on impairment of assets classified as held for sale arose because the asset is held at fair value in the held for sale class, which is considered to be lower than its carrying amount, with the difference reflected as an impairment loss.

4.8 Finance Costs - Leases

	Note	2020 \$'000	2019 \$'000
Interest - Lease Liabilities		77	–
Total finance costs	5.8	77	–

4.9 Other expenses

	Note	2020 \$'000	2019 \$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals		66	66
Auditors' remuneration - Internal		74	100
Councillors' allowances		257	240
Total other expenses		397	406

Note 5 Our financial position

5.1 Financial assets

	Note	2020 \$'000	2019 \$'000
(a) Cash and cash equivalents			
Cash at bank and on hand		473	5,604
Total cash and cash equivalents		473	5,604
(b) Other financial assets			
Current			
Term deposits		104,028	96,027
		104,028	96,027
Non-current			
Term deposits		3,000	8,000
Unlisted shares at cost - Regional Kitchen Pty Ltd		–	230
		3,000	8,230
Total other financial assets		107,028	104,257
Total financial assets		107,501	109,861

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

• Trust funds and deposits (Note 5.3(b))	4,945	4,426
• Statutory Reserves (Note 9.1(b))	24,261	22,484
Total restricted funds	29,206	26,910
Total unrestricted cash and cash equivalents	78,295	82,951

Intended allocations

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

• Cash held to fund carried forward capital works (Note 9.1 (b))	20,126	12,708
• Total other discretionary reserves (Note 9.1 (b))	29,140	30,889
Total funds subject to intended allocations	49,266	43,597
Total unallocated unrestricted financial assets	29,029	39,354

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

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

Notes to the Financial Report For the Year Ended 30 June 2020

5.1 Financial assets (continued)

	Note	2020 \$'000	2019 \$'000
(c) Trade and other receivables			
Current			
<i>Statutory receivables</i>			
Rates debtors		3,619	2,660
Parking infringement debtors		4,685	3,849
Provision for doubtful debts - parking infringements		(3,236)	(2,372)
Other infringement debtors		249	216
Provision for doubtful debts - other infringements		(174)	(130)
Net GST receivables		1,454	1,475
<i>Non statutory receivables</i>			
Aged and disability		92	111
Rental debtors		534	32
Other debtors		2,210	1,526
Provision for doubtful debts - other debtors		(858)	(66)
Total current trade and other receivables		8,575	7,301
Non-current			
<i>Statutory receivables</i>			
Rates debtors		114	178
Total non-current trade and other receivables		114	178
Total trade and other receivables		8,689	7,479

Short-term (current) receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long-term (non-current) receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	1,718	492
Past due by up to 30 days	19	235
Past due between 31 and 60 days	61	66
Past due by more than 60 days	1,037	812
Total trade and other receivables	2,835	1,605

5.2 Non-financial assets

	2020 \$'000	2019 \$'000
(a) Inventories		
Inventories held for sale	144	102
Total inventories	144	102

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

(b) Other assets

Current

Prepayments	744	1,497
Accrued income	646	1,027
	1,390	2,524

Non-current

Deposits held by suppliers - refundable	130	130
Total other assets	1,520	2,654

(c) Intangible assets

Software	2,774	3,008
Total intangible assets	2,774	3,008

Gross carrying amount

Balance at 1 July 2019	7,370
Additions	93
Disposals	(62)
Work in progress	632
Balance at 30 June 2020	8,033

Accumulated amortisation and impairment

Balance at 1 July 2018	(4,362)
Amortisation expense	(896)
Disposals	—
Balance at 30 June 2020	(5,259)
Net book value at 30 June 2019	3,008
Net book value at 30 June 2020	2,774

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

Notes to the Financial Report For the Year Ended 30 June 2020

5.3 Payables

	Note	2020 \$'000	2019 \$'000
(a) Trade and other payables			
Trade payables	(i)	16	10,505
Accrued expenses			
Capital		3,695	1,329
Materials and service		4,101	1,590
Employee cost		474	1,591
Total trade and other payables		8,285	15,015
(b) Trust funds and deposits			
Building and Infrastructure refundable deposits		3,337	3,288
Fire services levy		459	227
Retention amounts		164	164
Other refundable deposits		985	747
Total trust funds and deposits		4,945	4,426
(c) Unearned income			
Grants received in advance – operating		435	–
Grants received in advance – capital		55	–
Rental In advance		392	461
Rental Deferred		581	–
Total unearned income		1,463	461

(i) As a result of the financial impact of COVID-19 on the Victorian economy, Council suspended its 30 days standard government payment terms. Council is committed to supporting our suppliers to manage their cash flow requirements and has therefore continued to pay invoices on 7 day payment terms since March 2020, the last supplier payments for the year were made on 30 June 2020.

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Building and Infrastructure refundable deposits - Deposits are taken by council as a form of surety in relation to building and infrastructure works. Amount will be refunded if council's assets are maintained in their original condition.

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

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

Other refundable deposits - Deposits are taken by council as a form of surety in relation to leasing or hiring transactions for council assets. Amount will be refunded if council's assets are maintained in their original condition.

5.4 Provisions

	Annual leave \$'000	Long service leave \$'000	Staff gratuity scheme \$'000	Other Provisions \$'000	Total \$'000
2020					
Balance at beginning of the financial year	3,044	6,713	27	1,866	11,650
Additional provisions	3,517	1,307	–	–	4,824
Amounts used	(2,935)	(681)	(10)	(1,500)	(5,126)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	–	(134)	–	–	(134)
Balance at the end of the financial year	3,626	7,205	17	366	11,214
2019					
Balance at beginning of the financial year	2,762	5,980	27	–	8,769
Additional provisions	3,239	1,402	–	1,866	6,507
Amounts used	(2,957)	(699)	–	–	(3,656)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	–	30	–	–	30
Balance at the end of the financial year	3,044	6,713	27	1,866	11,650

	2020 \$'000	2019 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,406	2,155
Long service leave	868	828
Staff gratuity scheme	17	27
	3,291	3,010
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,220	889
Long service leave	5,253	4,920
	6,473	5,809
Total current employee provisions	9,764	8,819
Non-current provisions		
Long service leave	1,084	965
Total non-current employee provisions	1,084	965
Aggregate carrying amount of employee provisions:		
Current	9,764	8,819
Non-current	1,084	965
Total aggregate carrying amount of employee provisions	10,848	9,784

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

Annual leave

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

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

Notes to the Financial Report For the Year Ended 30 June 2020

5.4 Provisions (continued)

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non – current liability.

Key assumptions:	2020	2019
• discount rate	0.87%	2.65%
• inflation rate	4.25%	3.88%

Staff Gratuity Scheme

The staff gratuity scheme entitlement of \$17,296 (2019: \$27,299) is recognised at 31 January 1996 values (frozen in accordance with the Bayside Enterprise Bargaining Agreement) and is adjusted by Consumer Price index less any leave taken.

(b) Other provisions	2020	2019
Current	366	1,866
Total other current provisions	366	1,866

Aggregate carrying amount of provisions:

Current	10,130	10,685
Non-current	1,084	965
Total aggregate carrying amount of provisions	11,214	11,650

5.5 Financing arrangements

	2020 \$'000	2019 \$'000
The Council has the following funding arrangements in place as at 30 June		
Credit card facilities	95	105
Leasing facilities	1,500	1,500
Total facilities	1,595	1,605
Used facilities	16	12
Unused facilities	1,579	1,593

5.6 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2020					
Operating					
Waste collection and disposal	7,988	3,658	–	–	11,646
Infrastructure and Open Space	17,332	17,505	17,680	17,857	70,374
Building	2,970	–	–	–	2,970
Other	926	714	370	–	2,010
Total	29,216	21,877	18,050	17,857	87,000
Capital					
Buildings	2,055	–	–	–	2,055
Carparks	36	–	–	–	36
Total	2,091	–	–	–	2,091
2019					
Operating					
Waste collection and disposal	5,395	3,700	3,700	–	12,795
Cleaning	2,824	–	–	–	2,824
Parks and gardens	3,542	–	–	–	3,542
Building maintenance	1,013	1,026	–	–	2,039
City works	2,002	–	–	–	2,002
Other	570	416	33	–	1,019
Total	15,346	5,142	3,733	–	24,221
Capital					
Buildings	2,941	–	–	–	2,941
Parks, open space and streetscapes	525	–	–	–	525
Roads	885	–	–	–	885
Total	4,351	–	–	–	4,351

Operating lease commitments

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

	2020 \$'000	2019 \$'000
Not later than one year	379	882
Later than one year and not later than five years	684	1,233
	1,063	2,115

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

Notes to the Financial Report

For the Year Ended 30 June 2020

5.7 Leases

Policy applicable before 1 July 2019

As a lessee, Council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

AASB 16 Leases allows a temporary option for not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms. Council does not have any leases that are significantly below-market terms and therefore has not made an election to apply the temporary option.

	IT Equipment \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Right-of-Use Assets				
Balance at 1 July 2019	883	834	300	2,017
Additions	–	563	–	563
Amortisation charge	(255)	(481)	(100)	(836)
Balance at 30 June 2020	628	915	200	1,744
				2020
Lease Liabilities				\$'000
Maturity analysis – contractual undiscounted cash flows				
Less than one year				897
One to five years				1,052
More than five years				–
Total undiscounted lease liabilities as at 30 June:				1,949
Lease liabilities included in the Balance Sheet at 30 June:				
Current				844
Non-current				922
Total lease liabilities				1,766

Notes to the Financial Report For the Year Ended 30 June 2020

5.7 Leases (continued)

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$5,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020 \$'000
Expenses relating to:	
Short-term leases	301
Leases of low value assets	62
Total	363
Variable lease payments (not included in measurement of lease liabilities)	–
Non-cancellable lease commitments - Short-term and low-value leases	2020 \$'000
Commitments for minimum lease payments for short-term and low-value leases are payable as follows	
Payable:	
Within one year	379
Later than one year but not later than five years	684
Total lease commitments	1,063

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117 Leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117 Leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.

Impact on financial statements

On transition to AASB 16 Leases, Council recognised an additional \$1.904 million of right-of-use assets and \$1.904 million of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using either the implicit interest rate for each lease, where available or Council's incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4.16%.

	2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	2,115
Discounted using the incremental borrowing rate at 1 July 2019	(74)
Finance lease liability recognised as at 30 June 2019	2,041
Recognition exemption for:	
short-term leases	262
leases of low-value assets	62
leases contained within contracts -contract extensions/renewals	(300)
Lease liabilities recognised as at 1 July 2019	2,017

Note 6 Assets we manage

6.1 Non-current assets classified as held for sale

	2020 \$'000	2019 \$'000
Cost of acquisition	3,064	5,683
Total Non-current assets classified as held for sale	3,064	5,683

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

Council approved the sale of its Maternal Child Health Centre located on the corner of Abbott Street and Station Street in Sandringham at its ordinary Council meeting on the 19th December 2017. As a result the carrying value of the land and buildings were classified as held for sale. A contract of sale was entered into on the 18th May 2018 with settlement now delayed to end of 2020.

Council had approved the sale of council property at Karrakatta Street in Black Rock at its ordinary Council meeting on the 19th of February 2019 and had classified the land and buildings as held for sale in 2019, however, Council was unable to secure suitable premises to relocate the Black Rock Activity Centre service, as a result, the land and

Notes to the Financial Report For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Fair value at 30 June 2019 \$'000	Additions \$'000	Contributed Assets \$'000	Revaluation \$'000
Land	2,801,277	–	2,340	(1,086)
Buildings	162,729	6,666	172	14,441
Plant and equipment	8,340	657	–	–
Infrastructure	348,962	14,563	16	42,550
Work in progress	11,039	13,874	–	–
	3,332,347	35,760	2,528	55,905

Summary of work in progress (WIP)	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Buildings	7,197	8,239	(932)	(4,364)	10,140
Plant and equipment	2	27	(1)	–	28
Infrastructure	3,840	5,608	(1,453)	(1,191)	6,804
Total	11,039	13,874	(2,386)	(5,555)	16,972

Depreciation \$'000	Disposal \$'000	Write-of \$'000	Reclassified \$'000	Transfers – Asset held for sale \$'000	Transfers – WIP \$'000	At fair value 30 June 2020 \$'000
–	–	–	–	2,186	–	2,804,717
(5,355)	(3,445)	–	–	433	4,420	180,059
(945)	–	–	–	–	–	8,052
(14,248)	(1,001)	–	–	–	1,135	391,978
–	–	(2,386)	–	–	(5,555)	16,972
(20,548)	(4,446)	(2,386)	–	2,619	–	3,401,778

Notes to the Financial Report For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment (continued)

(a) Property	Land – specialised \$'000	Land – non specialised \$'000	Land under roads \$'000	Total land \$'000
At fair value 1 July 2019	1,962,732	326,788	511,757	2,801,277
Accumulated depreciation at 1 July 2019	–	–	–	–
	1,962,732	326,788	511,757	2,801,277
Movements in fair value				
Additions	–	–	–	–
Contributed assets	2,340	–	–	2,340
Revaluation	–	–	(1,086)	(1,086)
Disposal	–	–	–	–
Write-off	–	–	–	–
Transfers – Assets held for sale	–	2,186	–	2,186
Transfers – WIP	–	–	–	–
	2,340	2,186	(1,086)	3,440
Movements in accumulated depreciation				
Depreciation and amortisation	–	–	–	–
Accumulated depreciation of disposals	–	–	–	–
Revaluation	–	–	–	–
At fair value 30 June 2020	1,965,072	328,974	510,671	2,804,717
Accumulated depreciation at 30 June 2020	–	–	–	–
	1,965,072	328,974	510,671	2,804,717

(b) Plant and Equipment	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000
At fair value 1 July 2019	2,079	4,580
Accumulated depreciation at 1 July 2019	(1,615)	(2,783)
	464	1,798
Movements in fair value		
Additions	27	205
	27	205
Movements in accumulated depreciation		
Depreciation and amortisation	(140)	(425)
	(140)	(425)
At fair value 30 June 2020	2,107	4,785
Accumulated depreciation at 30 June 2020	(1,755)	(3,208)
	352	1,577

Heritage buildings \$'000	Buildings – specialised \$'000	Buildings – non specialised \$'000	Total buildings \$'000	Work In progress \$'000	Total property \$'000
28,964	255,952	1,622	286,538	7,197	3,095,012
(7,567)	(115,917)	(325)	(123,809)	–	(123,809)
21,397	140,035	1,297	162,729	7,197	2,971,203
34	6,599	33	6,666	8,239	14,905
	172		172	–	2,512
2,868	23,013	217	26,098	–	25,012
(2)	(11,492)	–	(11,494)	–	(11,494)
–	–	–	–	(932)	(932)
–	–	433	433		2,619
–	4,420	–	4,420	(4,364)	56
2,900	22,712	682	26,294	2,943	32,677
(226)	(5,107)	(22)	(5,355)	–	(5,355)
–	8,049	–	8,049	–	8,049
(717)	(10,889)	(51)	(11,657)		(11,657)
(944)	(7,947)	(73)	(8,964)	–	(8,964)
31,864	278,664	2,305	312,833	10,140	3,127,690
(8,511)	(123,864)	(399)	(132,774)	–	(132,774)
23,353	154,800	1,906	180,059	10,140	2,994,916
Library books \$'000	Arts and culture assets \$'000	Work in progress \$'000	Total plant and equipment \$'000		
6,261	4,827	2	17,750		
(5,011)	–	–	(9,409)		
1,250	4,827	2	8,342		
365	59	27	684		
365	59	27	684		
(379)	–	–	(945)		
(379)	–	–	(945)		
6,626	4,886	29	18,433		
(5,391)	–	–	(10,354)		
1,236	4,886	29	8,079		

Notes to the Financial Report For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Parks open spaces and streetscapes \$'000
At fair value 1 July 2019	198,131	6,151	152,228	324,452	68,641
Accumulated depreciation at 1 July 2019	(83,128)	(3,449)	(91,640)	(217,246)	(28,681)
	115,003	2,702	60,588	107,206	39,960
Movements in fair value					
Additions	4,011	–	4,697	1,086	3,742
Contributed Assets	–	–	–	3	–
Revaluation	7,293	1,008	27,325	–	–
Disposal	(1,582)	–	(1,910)	(11)	–
Write-off	–	–	–	–	–
Transfers – WIP	–	–	–	74	955
Transfers – Between asset classes	(1,476)	–	(9,087)	–	1,321
	8,245	1,008	21,026	1,152	6,018
Movements in accumulated depreciation					
Depreciation and amortisation	(2,244)	(61)	(2,978)	(3,503)	(3,557)
Accumulated depreciation of disposals	1,303	–	1,445	8	–
Revaluation	(141)	(575)	5,913	–	–
Transfers – Between asset classes	63	–	3,570	–	(19)
	(1,020)	(636)	7,950	(3,494)	(3,575)
At fair value 30 June 2020	206,376	7,159	173,254	325,604	74,659
Accumulated depreciation at 30 June 2020	(84,148)	(4,086)	(83,690)	(220,740)	(32,256)
	122,228	3,073	89,564	104,863	42,402

Foreshore and conservation \$'000	Off street car parks \$'000	Road mgmt, traffic signals & street furnitures \$'000	Laneways \$'000	Work In progress \$'000	Total infrastructure \$'000
13,382	9,762	17,090	–	3,840	793,677
(6,442)	(2,491)	(7,798)	–	–	(440,876)
6,940	7,271	9,292	–	3,840	352,801
179	386	267	196	5,608	20,171
–	–	–	13	–	16
–	–	3,061	–	–	38,687
–	–	(396)	–	–	(3,899)
–	–	–	–	(1,453)	(1,453)
57	23	26	–	(1,191)	(56)
		1,701	7,541	–	–
236	409	4,659	7,750	2,964	53,466
(777)	(568)	(463)	(97)	–	(14,248)
–	–	142	–	–	2,898
–	–	(1,334)	–	–	3,863
–	–	(23)	(3,591)	–	–
(777)	(568)	(1,678)	(3,688)	–	(7,486)
13,618	10,172	21,749	7,750	6,804	847,143
(7,219)	(3,059)	(9,476)	(3,688)	–	(448,363)
6,399	7,113	12,273	4,062	6,804	398,780

Notes to the Financial Report For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment (continued)

Acquisition

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

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

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

<i>Asset recognition thresholds and depreciation periods</i>	Depreciation Period	Threshold Limit \$'000
Property		
building improvements	25-100 years	10
heritage building	50-250 years	Nil
Plant and Equipment		
plant, machinery and equipment	7-10 years	2
arts and culture collection	Nil	Nil
fixtures, fittings and furniture	3-25 years	2
computers and telecommunications	3-5 years	2
library books	6 years	Nil
Infrastructure		
roads		
pavement	100-200 years	25
surfacing	10-35 years	25
footpaths and cycleways	25-55 years	20
laneways	25-129 years	20
kerb & channel	55-75 years	20
drainage	75-100 years	10
activity centres	20-160 years	10
parks, open space and streetscapes	9-100 years	10
foreshore and conservation	9-30 years	10
bridges	100 years	20
bridges substructure	18-35 years	20
waste management	10 years	10
off street car parks	6-50 years	10
road management, traffic signals and street furniture	10-70 years	2
Intangible assets		
intangible assets	3-5 years	5
Right-of-use-assets		
Fleet leases	3-5 years	Nil
IT Equipment	4 years	2
Other - assets embedded within service contracts	3 years	Nil

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives (excluding arts & culture assets and works in progress) 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.

Land, is not depreciated on the basis that it is assessed as not having a limited useful life. Straight-line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Valuation of land and buildings

Valuation of land was undertaken by a qualified independent valuer, ValTec Property Pty Ltd Registration number 62774 during the 2018/19 financial year.

Subsequent to a review of movements in the Fair Value of Buildings, a desktop valuation was undertaken by a qualified independent valuer, ValTec Property Pty Ltd Registration number 62774 as at 31st March 2020. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table. A desktop valuation was performed for Buildings whilst Land was reviewed for significant movements in the Fair Value based on analysis of applied valuation changes from the 2019 Revaluation to the 2020 Revaluation, revealing overall a very minor reduction in site values and capital improved values between the two periods.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Valuation Date
Land specialised	–	–	1,965,072	Jun–19
Land non specialised	–	328,974	–	Jun–19
Land under roads	–	–	510,671	Jun–19
Heritage Buildings	–	–	23,353	Mar–20
Buildings specialised	–	–	154,800	Mar–20
Buildings non specialised	–	1,906	–	Mar–20
Total	–	330,880	2,653,896	

Notes to the Financial Report For the Year Ended 30 June 2020

6.2 Property, infrastructure, plant and equipment (continued)

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Mr. B Robertson BE (Civil). MlnfrastructEng&Mgt which was subsequently peer reviewed by Andrew Bainbridge BE (Civil) of CT Management Group Pty Ltd.

The date of the current valuation is detailed in the following table. A full revaluation was performed for Roads and Footpaths and Cycleways classes while an indices movement analysis identified significant movements in the Bridges and Road Management, Traffic Signals and Street Furnitures Classes, a desktop revaluation was performed in March 2020, with a full revaluation expected in 2020/21.

The indices movement review did not identify any significant movement in the Drainage Class, whilst Parks, open space and streetscapes, foreshore and conservation and off street car parks asset classes are carried at historical cost and have not been assessed for revaluation purposes in 2020.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Valuation Date
Roads	–	–	122,228	Mar-20
Bridges	–	–	3,073	Mar-20
Footpaths and cycleways	–	–	89,564	Mar-20
Laneways	–	–	4,062	Jun-17
Drainage	–	–	104,863	Jun-19
Road mgmt, traffic signals & street furnitures	–	–	12,273	Mar-20
Total	–	–	336,063	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 85%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$170 and \$3,399 per square metre. The methodology for valuing land under roads is based on Council's Municipal Site Value and was calculated at 30 June 2020. The average rate per square meter has been discounted by 95% to account for its undeveloped state, limits to rights of access and infrastructure easements which resulted in a value of \$88 per square meter.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$195 to \$115,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 years to 133 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2020 \$'000	2019 \$'000
Reconciliation of specialised land		
Land under roads	510,671	511,757
Parks and reserves	1,965,072	1,962,732
Total specialised land	2,475,743	2,474,489

Financial impact of COVID-19 uncertainty over asset values

Council valuations in 2019/20 are effective as at 31st March 2020 which largely excludes any market movements as a result of the financial impact of COVID-19. Council has reviewed market movements between April 2020 and June 2020, including for Land, Buildings and Infrastructure assets and has found that whilst the market has been impacted by the uncertainty that the COVID-19 outbreak has caused, the analysis indicates that there has not been a significant change that would have a material impact over the asset values at 30 June 2020.

Notes to the Financial Report For the Year Ended 30 June 2020

Note 7 People and relationships

7.1 Council and key management remuneration

	2020 \$'000	2019 \$'000
(a) Related parties		
<i>Parent entity</i> Bayside City Council is the parent entity.		
<i>Subsidiaries and Associates</i> No Interests in subsidiaries or associates.		
(b) Key management personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Clarke Martin - (Mayor 8 November 2019 to 30 June 2020, Councillor from 1 July 2019)		
Michael Heffernan - (Mayor 1 July 2019 to 7 November 2019, Councillor to 30 June 2020)		
Laurence Evans - (Councillor)		
Sonia Castelli - (Councillor)		
Rob Grinter - (Councillor)		
James Long - (Councillor)		
Alex del Porto - (Councillor)		
Chief Executive Officer and other key management personnel		
Michael Cummins - Chief Executive Officer		
Jill Colson - Director Corporate Services		
Bryce Craggs - Director Community and Customer Experience		
Hamish Reid - Director City Planning and Amenity (from 1 July 2019 to 6 January 2020 & from 23 May 2020 to 30 June 2020) & Acting Director Environment, Recreation and Infrastructure (from 9 January to 5 April 2020)		
John Coates - Acting Director City Planning and Amenity (from 7 January 2020 to 17 January 2020)		
Matthew Cripps - Acting Director City Planning and Amenity (from 20 January 2020 to 22 May 2020)		
Adam McSwain - Director Environment, Recreation and Infrastructure (from 6 April 2020)		
Steven White - Director Environment, Recreation and Infrastructure (to 8 January 2020)		
Kathryn Tozer - Acting Executive Manager People and Strategy (from 25 November 2019 to 30 June 2020)		
Rebecca Aldridge - Executive Manager People and Strategy (to 24 November 2019)		
Total number of Councillors	7	7
Total of Chief Executive Officer and other key management personnel	10	11
Total number of key management personnel	17	18

(c) Remuneration of key management personnel	2020 \$'000	2019 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,842,801	1,681,380
Long-term benefits	37,512	37,400
Post-employment benefits	168,641	169,439
Total	\$2,048,954	\$1,888,219

	2020 \$'000	2019 \$'000
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 – \$9,999	1	–
\$20,000 – \$29,999	5	6
\$30,000 – \$39,999	–	2
\$40,000 – \$49,999	1	2
\$60,000 – \$69,999	2	1
\$90,000 – \$99,999	2	–
\$100,001 – \$119,999	–	1
\$120,001 – \$129,999	1	–
\$130,001 – \$139,999	–	1
\$140,001 – \$149,999	–	1
\$170,001 – \$179,999	1	–
\$200,001 – \$209,999	–	1
\$260,001 – \$269,999	–	1
\$270,001 – \$279,999	2	–
\$280,001 – \$289,999	–	1
\$300,001 – \$309,999	1	–
\$360,000 – \$369,999	–	1
\$380,000 – \$389,999	1	–
	17	18

Notes to the Financial Report For the Year Ended 30 June 2020

Note 7 People and relationships (continued)

(d) Senior officer remuneration

A Senior Officer is an officer of Council, other than key management personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

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

Income Range:	2020 No.	2019 No.
\$151,000 - \$159,999	5	1
\$160,000 - \$169,999	2	2
\$170,000 - \$179,999	3	5
\$180,000 - \$189,999	3	3
\$190,000 - \$199,999	3	-
(i)	16	11
Total remuneration for the reporting year for Senior Officers included above, amounted to:	\$2,780,001	\$1,806,459

(i) The significant increase in Senior Officers during the year relates to three staff whose earnings were below the threshold in 2019 due to commencing employment at Council part-way through the year, but whose earnings in 2020 satisfied the threshold for inclusion (\$0.50M). In addition, there were two staff who satisfied the threshold for inclusion for the first time in 2020 (\$0.31M).

7.2 Related party disclosure

(a) Transactions with related parties

No transactions between Council and related parties have taken place during the reporting year which require disclosure.

(b) Outstanding balances with related parties

There were no outstanding balances with related parties at the end of the reporting period which require disclosure.

(c) Loans to/from related parties

No loans have been made, guaranteed or secured by the Council to related parties during the reporting year.

(d) Commitments to/from related parties

There were no commitments in existence at balance date that had been made, guaranteed or secured by the council to related parties.

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

Operating lease receivables

Council has entered into commercial property leases on its property, consisting of sporting facilities, mobile telecommunication installations, cafes, leisure centres and waste centres. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 23 years. All leases include a CPI based revision of the rental charge annually.

In response to the financial impact of COVID-19, on Friday 1 May 2020, the Governor in Council published the COVID-19 Omnibus (Emergency Measures) Commercial Leases and Licences Regulations 2020. The regulations, include the parameters for which a landlord and tenant must abide by during the relevant period, being 29 March 2020 to 29 September 2020 which requires Council, as a landlord to offer the tenant the following terms for an 'eligible lease':

- Rent relief commensurate with the reduction of turnover made up of 50% waiver and 50% deferral; and
- Extension of the lease by the period of deferral (currently 6 months)

At 30th June, Council has estimated that the impact is a reduction in rental income of \$0.64 million and has therefore made provisions for \$0.32 million rent waiver and \$0.32 million rent deferral at balance date.

Future minimum rentals receivable under non-cancellable operating leases (net of GST) are as follows:

	2020 \$'000	2019 \$'000
Not later than one year	3,430	3,239
Later than one year and not later than five years	5,537	7,239
Later than five years	6,997	8,058
	15,964	18,536

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

In addition to the disclosed contributions, Bayside City Council has paid unfunded liability payments to Vision Super totalling \$0 (2019: \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are \$140,000.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

Notes to the Financial Report For the Year Ended 30 June 2020

Note 8 Managing uncertainties (continued)

MAV Workcare

Council is a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare Scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years

Wangara Road (Netball Facility)

As the Wangara Rd location is a former landfill site, as part of preliminary soil investigations, contaminated soils were identified. Council is working with the EPA to determine the extent and type of contamination, as well as any works required to ensure there is no risk to human health. The cost of work associated with mitigating this risk is not yet clear and subject to ongoing investigations.

Dendy Street Beach Masterplan

As part of the Dendy Street Beach Project, the Environment Protection Authority (EPA) has expanded its request for Council to undertake environmental assessment to identify potentially contaminated land. This request is for the foreshore land stretching from Grosvenor St to South Road. At this time, a draft Clean Up Notice has been provided for Council's comment. The draft notice seeks environmental assessment to enable the EPA to determine what, if any, remediation work may be required. At this time the cost implications of this issue are not able to be quantified, but if remediation works are necessary and widespread, costs could be significant.

Foreshore between Green Point and Brighton Yacht Club

As part of the assessment works for the Dendy St Beach masterplan project some contamination was found outside of the proposed work zone for the Dendy St Beach project. As such the EPA have determined that Council need to undertake further evaluation of the whole of the Lot to determine the extent of any further contamination. Any cost of associated with this assessment is not yet clear and subject to ongoing investigations.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

					Loan Balance	
	Entity	Bank	Guarantee (\$)	Project	2020 (\$)	2019 (\$)
(i)	Sandringham Football Club	Bendigo Bank	\$100,000	Refurbishment of the club's social club building.	NIL	\$11,378
(ii)	Highbett Youth Club Inc.	Bendigo Bank	\$150,000	To assist with its commitment to the Highbett Recreation Centre Community Hub.	\$24,648	\$45,960
(iii)	Hurlingham Park Tennis Club Inc.	Bank of Queensland	\$40,000	Court renewal program.	\$6,693	\$15,200
(iv)	Brighton Beach Bowls Club	Bendigo Bank	\$100,000	Replacement of the surface and installation of floodlights	\$77,095	\$86,610
(v)	Cheltenham Football Club Inc.	Bendigo Bank	\$30,000	Upgrade existing sportsground lighting, electrical power supply and install an electronic scoreboard	\$29,273	NIL
TOTAL					\$137,708	\$159,149

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

Notes to the Financial Report For the Year Ended 30 June 2020

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

(c) Interest rate risk

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

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

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

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

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

(d) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities Council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(e) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- 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 maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 0.25% and -0.25% in market interest rates (AUD) from year-end rates of 0.75%.

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

Notes to the Financial Report For the Year Ended 30 June 2020

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, furniture and fittings, library books and intangible assets 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 of 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 3 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 reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Impairment of assets

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

8.5 Events occurring after balance date

On Sunday 2nd August, the Victorian Premier announced that from 6pm, the State of Victoria was to enter a State of Disaster, with Melbourne moving into stage 4 restrictions for a period of at least 6 weeks to limit the movement of people and reduce the spread of COVID-19.

Council continues to monitor the non-financial and financial impacts, however due to the significant amount of uncertainty, it is not yet possible to fully estimate the economic impact.

Council has created four principles to guide our pandemic response actions, including:

- continuing services to the community,
- meaningful employment for staff for as long as possible
- staff health and wellbeing, and
- sustainability of the organisation for the long term.

Apart from above, no other matters have occurred after balance date that require disclosure in the Financial Report.

Notes to the Financial Report For the Year Ended 30 June 2020

Note 9 Other matters

9.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserve			
2020			
Property			
Land and land improvements	2,097,342	–	2,097,342
Land under roads	72,343	(1,086)	71,257
Buildings	93,827	14,441	108,268
	2,263,512	13,355	2,276,867
Infrastructure			
Roads	127,881	7,151	135,032
Bridges	142	433	575
Footpaths and cycleways	2,027	33,239	35,266
Road mgmt, traffic signals & street furnitures	–	1,727	1,727
Drainage	75,105	–	75,105
	205,155	42,550	247,705
Plant and equipment			
Arts and culture	1,923	–	1,923
	1,923	–	1,923
Total asset revaluation reserves	2,470,590	55,905	2,526,495
2019			
Property			
Land	2,270,139	(172,797)	2,097,342
Land under roads	324,307	(251,964)	72,343
Buildings	93,827	–	93,827
	2,688,273	(424,761)	2,263,512
Infrastructure			
Roads	127,881	–	127,881
Bridges	142	–	142
Footpaths and cycleways	2,027	–	2,027
Drainage	64,348	10,757	75,105
	194,398	10,757	205,155
Plant and equipment			
Arts and culture	1,923	–	1,923
	1,923	–	1,923
Total asset revaluation reserves	2,884,594	(414,004)	2,470,590

The asset revaluation reserve is used to record the movement in the fair value of Council's assets over time.

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2020				
Statutory reserves				
Car parking reserve	411	12	–	423
Drainage contribution reserve	594	235	–	829
Recreational land reserve	21,479	3,361	(1,831)	23,009
Total statutory reserves	22,484	3,608	(1,831)	24,261
Discretionary reserves				
Infrastructure reserve	16,615	448	–	17,063
Dendy street beach improvement reserve	2,183	300	–	2,483
Community facilities enhancement reserve	936	25	(961)	–
Defined superannuation shortfall	3,000	500	–	3,500
Unspent conditional grants reserve	2,309	490	(2,309)	490
Capital works carried forward reserve	12,708	11,605	(4,187)	20,126
Early childhood facilities reserve	5,617	152	(455)	5,314
Street and park tree management reserve	229	61	–	290
Total discretionary reserves	43,597	13,581	(7,912)	49,266
Total other reserves	66,081	17,189	(9,743)	73,527
Total reserves	2,536,671			2,600,022
2019				
Statutory reserves				
Car parking reserve	407	4	–	411
Drainage contribution reserve	394	200	–	594
Recreational land reserve	17,905	5,270	(1,696)	21,479
Total statutory reserves	18,706	5,474	(1,696)	22,484
Discretionary reserves				
Infrastructure reserve	8,235	8,380	–	16,615
Dendy street beach improvement reserve	2,157	26	–	2,183
Community facilities enhancement reserve	968	11	(43)	936
Defined superannuation shortfall	2,500	500	–	3,000
Unspent conditional grants reserve	1,620	2,309	(1,620)	2,309
Capital works carried forward reserve	9,564	7,921	(4,777)	12,708
Early childhood facilities reserve	5,550	67	–	5,617
Street and park tree management reserve	110	119	–	229
Total discretionary reserves	30,704	19,333	(6,440)	43,597
Total other reserves	49,410	24,807	(8,136)	66,081
Total reserves				2,536,671

Notes to the Financial Report

For the Year Ended 30 June 2020

9.1 Reserves (continued)

The car parking reserve is a statutory reserve designed to hold funds for allocation to car park projects works.

The drainage contribution reserve is a statutory reserve that contains contributions received from planning applicants who sought to increase the number of dwellings on a private lot or expand the area of a commercial building and is used to fund future drainage works.

The recreational land reserve is a statutory reserve that contains contributions received as public open space levies and is used to fund future recreational land facilities.

The infrastructure reserve is to quarantine identified savings from the operating and capital budget to fund replacement infrastructure or held as a contingency to finance projects deemed as unavoidable or to be allocated against the repayment of interest only loans that are to be refinanced.

The Dendy street beach improvement reserve receives the net proceeds from the sale of bathing boxes and is used to fund future works in the Dendy street beach precinct.

The community facilities enhancement reserve holds the proceeds from the sale of the independent living units to fund new or improvements to community facilities that provide direct benefit to the Bayside community.

The defined superannuation shortfall reserve is to quarantine \$0.5 million annually to ensure Council sets aside sufficient cash to cover for future defined benefit superannuation shortfall calls, which are one-off and material in nature.

The unspent conditional grants reserve is to quarantine grants received during the financial year which are not fully spent at 30 June 2020.

Council is obligated to expedite the funded programs in the next financial year.

The capital works carried forward reserve is to quarantine budgeted capital projects which are in progress at 30 June 2020 and will require the funds in order to complete the projects.

Early Childhood Facilities Reserve holds the proceeds from the sale of former childcare centres to fund the redevelopment of early childhood facilities.

Street and park tree management reserve holds the cumulative surplus from income received from applications to remove trees less the amount spent to fund the continued re-planting of trees within the district.

9.2 Reconciliation of cash flows from operating activities to surplus

	2020 \$'000	2019 \$'000
Surplus for the year	14,055	24,551
Depreciation/amortisation	22,280	19,147
Loss on disposal of property, infrastructure, plant and equipment	3,984	1,910
Finance costs	77	–
Work in progress written-off	1,675	923
Contributions – Non-monetary assets	(2,528)	–
Impairment loss on financial assets	245	302
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,211)	911
(Increase) in prepayments	753	(675)
(Decrease) in accrued income	381	(215)
Increase/(decrease) in trade and other payables	(2,337)	237
(Decrease)/increase in income in advance	1,002	6
(Increase) in inventories	(42)	45
Increase/(Decrease) in provisions	(437)	2,881
Increase/(decrease) in trusts and deposits	519	1
Net cash provided by/(used in) operating activities	38,413	50,024

Notes to the Financial Report

For the Year Ended 30 June 2020

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The Defined Benefit category provides lump sum benefits based on years of service and final average salary. In certain circumstances a defined benefit member may be eligible to purchase a lifetime pension with up to 50% of their lump sum benefit. The accumulation category receives fixed contributions from Bayside City Council and Bayside City Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or 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 2020, this was 9.5% (9.5% in 2018/19) as required under Superannuation Guarantee legislation. Our commitment to accumulation plans is limited to making contributions in accordance with our minimum statutory requirements. 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.

The Superannuation Guarantee (SG) rate will remain at 9.5% for the next year, increasing to 10% from 1 July 2021, and eventually to 12% from 1 July 2025.

Defined Benefit

As provided under Paragraph 34 of AASB 119 of AASB 119 – Employee Benefits, 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 Council in the Fund cannot be measured as a percentage compared with other participating employers. 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 Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 because of the pooled nature of the Fund's Defined Benefit category.

Funding arrangements

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

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1% as at 30 June 2019 (106.0% at 30 June 2018). The financial assumptions used to calculate the VBIs were:

	30 June 2019	30 June 2018
Net investment returns	6.0% pa	6.0% pa
Salary information	3.5% pa	3.5% pa
Price inflation (CPI)	2.0% pa	2.0% pa

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%. The Australian Prudential Regulation Authority (APRA) superannuation prudential standard (SPS 160) - Defined Benefit Matters determines the funding requirements of a defined benefit (DB) arrangement. Under this standard:

- The VBI is the measure to determine whether there is an unfunded liability, and
- Any unfunded liability that arises must be paid within three years.

Under SPS 160, the VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2019 interim actuarial investigation showed that the Defined Benefit category was in a satisfactory financial position under SPS 160. As a result, the Fund Actuary determined that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

The Fund's employer funding arrangements comprise of three components as follows:

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.

Employer Contributions

Regular Contributions

On the basis of the results of the 2019 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate will increase in line with the SG increases.

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

Notes to the Financial Report For the Year Ended 30 June 2020

9.3 Superannuation (continued)

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 APRA may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set the Defined Benefit category's 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 [Employer name]) 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, 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.

Retrenchment Increments

During 2019/20, Council was not required to make payments to the Fund in respect of retrenchment increments (\$nil in 2018/19). Council's liability to the Fund as at 30 June 2020, for retrenchment increments, accrued interest and tax is nil (\$nil in 2018/19).

The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and the last full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2019 \$m	2017 \$m
- A VBI Surplus	151.3	69.8
- A total service liability surplus	233.4	193.5
- A discounted accrued benefits surplus	256.7	228.8

The VBI surplus means that the market value of the Fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

The 2020 triennial actuarial investigation

A triennial actuarial investigation will be conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.50 % pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.5% pa

Accrued benefits

The Fund's liability for accrued benefits was determined in accordance with the Australian Accounting Standards. Since the year ended 30 June 2017, the relevant accounting standard has been AASB 1056 - Superannuation entities.

	30 June 2019 (interim) \$m	30 June 2018 (interim) \$m
Net Market Value of Assets	2,293	2,338
Accrued Benefits	2,037	2,089
Difference between Assets and Accrued Benefits	256	249
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	2,142	2,206

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

	30 June 2019	30 June 2018
Net investment returns	6.0% pa	6.0% pa
Salary information	3.5% pa	3.5% pa
Price inflation (CPI)	2.0% pa	2.0% pa

Notes to the Financial Report

For the Year Ended 30 June 2020

9.4 Change in Accounting Estimate

Reassessment of Accumulated Depreciation for Roads class

As part of the revaluation of Infrastructure assets during the year, Council reassessed the Accumulated Depreciation based on the asset's useful life and their current condition. Previous revaluations assessed Accumulated Depreciation on the basis of the age of the asset taken from its original construction or major reconstruction date; under the new methodology, the model takes into account recent renewal programs, returning those assets to perfect health and deteriorating them from the date of their renewal.

The use of condition data is considered to offset the reliability of the often estimated date of construction and provide an improved and more reliable estimate of remaining useful life which is based upon recent and current observations of condition.

The change in calculation methodology resulted in assets which, under the age method had completed or nearly completed their useful lives to recalculate their remaining useful lives based on condition, with the average remaining useful life for these assets increasing to 25 years and resulting in a reduction to the opening Accumulated Depreciation of \$4.7 million.

Depreciation of Heritage Assets

As part of the desktop revaluation of Heritage Buildings during the year, Council reassessed its position on their useful lives, previously considered not to have a limited useful life and therefore not depreciated.

Available data indicates that a limited useful life of between 50 to 250 years is a more appropriate useful life over which to depreciate these assets and depreciation has been calculated following the revaluation date of 31st March 2020. This estimate change will result in an annual depreciation expense of \$0.15 million over the life of the assets.

10 Change in accounting policy

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

There was no impact of transition to the new standards on retained earnings at 1 July 2019, as summarised in the following table:

	2019 \$'000
Retained earnings at 30 June 2019	892,911
Retained earnings at 1 July 2019	892,911

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Right of use assets	–	2,017	2,017
	–	2,017	2,017
Liabilities			
Lease liability – current	–	(712)	(712)
Lease liability – non-current	–	(1,305)	(1,305)
	–	(2,017)	(2,017)

Glossary

Actual 2019/2020

Actual performance achieved where this measure was used in the 2019/2020 financial year.

Balance Sheet

Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.

Best value

The continuous review of all services provided by Council to ensure they meet the required cost standards and needs of the community to deliver value for money.

Buildings and improvements

Includes all capital building improvements to any land owned or controlled by Council.

Cash Flow Statement

Reports all cash movements during the financial year. Cash movements consist of cash inflows (receipts/proceeds) less cash outflows (payments).

Council Plan

Council Plan 2017–2021 guides the development and strategic priorities for the City of Bayside and Council over a four-year period. This plan is reviewed annually.

FTE

Full Time Equivalent (FTE) – 1 FTE is equivalent to one person working 38 hours per week.

Financial year

This document reports on the financial year of 1 July 2018 to 30 June 2019.

Financial statements

Incorporates the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement plus the notes to and forming part of the accounts that support these statements.

Furniture and fittings

Assets and capital acquisitions relating to computer equipment, electronic equipment, appliances, furniture, fixtures and fittings.

Goal

Goals represent the key issues for the Bayside community as identified by Council.

Heritage assets

Includes antiques, artefacts, artworks, photographs, mayoral chains, and heritage buildings owned by Council.

Income Statement

Identifies all revenues earned and expenses incurred during the financial year.

Indicators

Indicators define what will be measured to show we are meeting our objectives.

Internal audit

An independent appraisal function which examines and evaluates Bayside City Council's financial, management and internal control systems.

Land

All land owned or controlled by Council.

Land improvements

Includes all capital improvements, other than buildings, to any land owned or controlled by Council.

MSS

The Municipal Strategic Statement (MSS) is Council's long-range plan to guide the development of Bayside and its urban form. It forms part of the Bayside Planning Scheme.

Performance measures

Mechanisms such as unit costs or response times, which can be used to measure Council's performance over time.

Plant and equipment

Assets owned by Council including ticket machines, garbage bins, caravans and trailers.

Roads

Includes road pavements, footpaths, kerb and channel, traffic signals and speed restriction devices.

Statement of Changes in Equity

Identifies Council's overall movement in equity consisting of the accumulated surplus, asset revaluation and statutory reserves. Equity is also represented by total assets less total liabilities.

Statement of Financial Position

Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.

Strategic objectives

Establish where we want to be for each of the Council Plan's goals

Strategies

Define how Council will endeavour to achieve the Strategic objectives.

Strategy

A document that outlines an initiative, program or project that will contribute to achieving a longer-term goal or outcome.

Values

Values are beliefs that underpin behaviours and processes. The values of an organisation guide its culture.

Ward

Defined electoral area to which a representative is elected as Councillor.

Abbreviations

AAS	Australian Accounting Standards	IBAC	Independent Broad-based Anti-corruption Commission
AASB	Australian Accounting Standards Board	ICT	Information and Communication Technology
ALGWA	Australian Local Government Women's Association	IPAA	Institute of Public Administration Australia
ARA	Australasian Reporting Awards	IT	Information Technology
AUD	Australian Dollars	JMAPP	JLT Municipal Asset Protection Plan
BBBA	Brighton Bathing Box Association	KLU	Kids Like Us
BBN	Bayside Business Network	kL	Kilolitre
BEYCEC	Bayside Early Years Community Education and Care	KM	Kilometre
BPSR	Bayside Planning Scheme Review	GRI	Global Reporting Initiative
CEO	Chief Executive Officer	GST	Goods and Services Tax
CO2e	Carbon Dioxide Equivalent	LGPRF	Local Government Victoria Performance Reporting Framework
CPA	Certified Practising Accountants	LGPro	Local Government Professionals
CR	Councillor	MAICD	Member of the Australian Institute of Company Directors
CRMS	Customer Request Management System	MAV	Municipal Association of Victoria
DHS	Department of Human Services	MEMC	Municipal Emergency Management Committee
DMA	Disclosure on Management Approach	MESAC	Marine Education Science and Community Centre
FCPA	Fellow of the Society of Certified Practising Accountants	MFB	Metropolitan Fire Brigade
FINSIA	Financial Services Institute of Australasia	MNGV	Multicultural Nature Guides Victoria
FTE	Full Time Equivalent	MEMP	Municipal Emergency Management Plan
GIS	Geographic Information System	MERO	Municipal Emergency Resource Officer
GJ	Gigajoule	MERP	Municipal Emergency Recovery Plan
Grad Dip	Graduate Diploma	MRM	Municipal Recovery Manager
HACC	Home and Community Care	MSS	Municipal Strategic Statement
IAP2	International Association for Public Participation		

Index

A

Abbreviations	187
About this report	8
Acknowledgement of Traditional Owners	IFC
Appointment to external organisations	83
Assemblies of Councillors	77
Audit & Risk Management Committee	88
Australia Day Awards	13
Available for inspection at Council Offices	99
Awards and recognition	12

B

Bayside Acquisitive Art Prize	12
Bayside Arts Board Annual Report	94
Best Value	99
Built Environment Awards	12
Business Continuity Plan	97
Business of Council transacted at meetings	78

C

Celebrating service	37
Challenges	16
Charter of Human Rights	102
Chief Executive Officer	7
City Profile	26
Civic Receptions	13
Code of Conduct	80
Community grants	98
Community health and participation Highlights	14
Community Plan	25
Conflict of Interest	80
Contents	1
Continuous improvement	99
Contracts	100
Corporate Governance	74
Cost shifting from state and federal governments	21
Councillor Allowances	81
Councillor representation for 2019/2020	82
Councillor representation on other committees	82
Councillors	28
Council Staff	34
Council Wards	30
Cr Alex del Porto	28
Cr Clarke Martin	29
Cr James Long BM, JP	29
Cr Laurence Evans OAM	28
Cr Michael Heffernan	29
Cr Rob Grinter	28
Cr Sonia Castelli	29

D

Director City Planning & Amenity	33
Director Community & Customer Experience	33
Director Corporate Services	32
Director Environment, Recreation & Infrastructure	33
Disability Action Plan	100

E

Employee Assistance Program	36
Employee engagement	7
Environment Highlights	14
Environmental Sustainability Framework	98
Equal Employment Opportunity Program	36
Executive Manager People and Strategy	32
External Audits	93

F

Flag-raising ceremony	12
Fraud control and compliance	93
Freedom of Information	102
Financial Statements	120
Financial Summary	18

G

Glossary	186
Goal 1 – Infrastructure	39
Goal 2 – Transport	44
Goal 3 – Housing & neighbourhoods	48
Goal 4 – Open Space	53
Goal 5 – Environment	56
Goal 6 – Local Economy & activity	60
Goal 7 – Community Health & participation	64
Goal 8 – Governance	69
Governance Highlights	14
Governance & Management Checklist	84

H

Health and wellbeing	37
Highlights of the Year	14
Housing and neighbourhoods Highlights	14

I

Infrastructure and development contributions	103
Infrastructure Highlights	14
Internal Audit	92

J

K

L

Letters under seal	
Local economy and activity centres Highlights	
Local Laws	

M

Meetings of Council	
Message from our CEO	
Message from our Mayor	
Municipal Emergency Management Plan	

N

National Volunteers Week	
--------------------------	--

O

Occupational Health & Safety	
Open and accountable decision making	
Open Space Highlights	
Operations summary	
Organisational Chart	
Organisational memberships	
Organisational structure	
Other management requirements	
Other staff matters	
Our community our city	
Our Council	
Our people	
Our performance	

P

Performance Statement	
Planning and Accountability Framework	
Professional development	
Public Housing	

Q

R

13	Recognition of Citizenship	13
14	Reimbursement of expenses of Councillors	81
87	Report against the Carers Recognition Act 2012	100
	Report against the Domestic Animal Management Plan	101
74	Report against the Food Act 1984 Ministerial directions	102
7		
4	Report against the Protected Disclosure Act 2012	102
97	Report against the Road Management Act 2004	103
	Risk management	97
	Role of Councillors	29
12	Role of Mayor	29

S

36	Senior Executive Team	32
80	Service Planning	99
14	Snapshot of Bayside	10
24	Special Committees	76
31	Statement of Purpose	3
87	Statutory Information	99
31		

T

36	The Future	17
26	Transport Highlights	14

U

V

	Victorian Local Government Women's Charter	103
--	--	-----

W

105	Wellbeing for all Ages and Abilities Strategy 2017-21	100
38		
36		

X

Y

Z

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