



2011/12

ANNUAL REPORT

www.portphillip.vic.gov.au





COUNCIL OFFICES

St Kilda Town Hall

Corner Carlisle Street and Brighton Road, St Kilda

Monday – Friday: 8.30am – 5pm

South Melbourne Town Hall

208 Bank Street, South Melbourne

Monday – Friday: 8.30am – 5pm

Port Melbourne Town Hall

333 Bay Street, Port Melbourne

Monday – Friday: 8.30am – 5pm

Postal Address

City of Port Phillip

Private Bag 3, St Kilda, Victoria, Australia 3182

CALL CENTRE

Monday – Friday 8am – 5.30pm

General enquiries (03) 9209 6777

Rates (03) 9209 6777

Planning (03) 9209 6424

Building (03) 9209 6253

Parking fines (03) 9611 7660

Waste management (03) 9209 6533

Facsimile (03) 9534 9105

Website www.portphillip.vic.gov.au

Email assist@portphillip.vic.gov.au

SMS for the hearing impaired 0432 005 405

If you are deaf, hearing or speech impaired and need to contact us please use the National Relay Service.

Council respectfully acknowledges the Yalukit Willam Clan of the Boon Wurrung. We pay our respect to their Elders, both past and present. We acknowledge and uphold their continuing relationship to this land.

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WELCOME TO THE 2011/12

ANNUAL REPORT

This report outlines Council's activities for the financial year ending 30 June 2012. It opens with an overview of Council and the organisation, followed by information about our performance. It finishes with detailed financial information about Council's activities.

Information about Council's performance is structured around Council's four strategic directions outlined in the Council Plan 2009 - 2013. Each strategic direction includes information on our performance against the strategic indicators as well as key activities undertaken throughout the year.

Council is committed to communicating its achievements and activities in an accessible and environmentally sustainable manner. With this in mind, this Annual Report is designed to be primarily distributed online.



OVERVIEW

MAYOR AND CEO MESSAGE

It is with great pleasure that we present our activities for the past year. Throughout the third year of the Council Plan 2009 - 2013 we have continued to deliver on our four strategic directions: Engaging and Governing the City; Taking Action on Climate Change; Strengthening our Diverse and Inclusive Community and Enhancing Liveability.

Key policies adopted by Council this year include the Disability Policy, Social Justice Charter, Reconciliation Action Plan, Greenhouse Plan, the Economic Development Strategy, Sustainable Transport Strategy (including the Walk and Bike Plans), Activating Laneways, Arts and Cultural Policy and the Multicultural Strategic Framework. These policies will guide Council decision-making across these important areas.

HIGHLIGHTS

ENHANCING LIVEABILITY

Investment in child care and family services continues with construction of the St Kilda Family and Children's Centre and the Liardet Street Family and Children's Centre well underway. The completion of these centres will deliver on our commitment to provide accessible and high quality child care.

A fifty per cent reduction in the amount of cigarette butts and glass litter on Port Phillip's beaches was recorded following Council's No Cuts, No Butts high profile anti-litter campaign. With sustainability and our community's wellbeing being paramount, Council has also facilitated a series of conversations between residents and major agencies to address the increasing likelihood of flash flooding in Port Phillip. The aim of this work has been to help equip residents to respond to flooding and to provide clear information to increase community awareness in flood prone areas.

After a significant consultation period, works have begun on the redevelopment of Marina Reserve which will introduce skateable space and improved community facilities such as barbecues and picnic areas.

Other public open space improvements across the municipality have included upgrades to Waterloo Reserve in St Kilda, Turville Reserve in Port Melbourne and implementation of works at Murphy Reserve in Port Melbourne.

WORKING TOGETHER

Council has continued its focus on engaging with members of the community on key local topics including the development of a vision for the St Kilda Triangle site, the refurbishment of the Emerald Hill Library, and Port Melbourne Waterfront.

We have also given focus to advocating to the state government on behalf of the community for the urban renewal of the Montague Precinct in South Melbourne, improvements to Balaclava Station and the Route 96 light rail, and the extension of the 606 bus route which will see an improved connection between Fishermans Bend and the Elsternwick Railway Station. As well as public transport improvements, Council continues to advocate for pedestrian and bike rider's safety and access to Port Phillip. The introduction of innovative bike lanes such as the contraflow bike lane on Acland Street has been a major achievement in the past financial year. Additionally, speed limited local areas of 40 km per hour continue to ensure the safety of our residents.

STRENGTHENING OUR COMMUNITY

This year Council cemented its commitment to working together in pursuit of the common good and recognition of individual human rights with the adoption of the Social Justice Charter. We also took a significant step to strengthen our relationship with Aboriginal and Torres Strait Islanders with the adoption and launch of the Reconciliation Action Plan.

SUSTAINABILITY

Our sustainability programs continued to be widely utilised and are helping locals identify ways they can reduce their environmental footprint. This year Council introduced more targeted programs for older residents and families with young children.

Greening Port Phillip has successfully planted over 1,600 trees across the city increasing the overall number by more than 1,200. We have also increased the number of community gardens in the city to twelve with the addition of Poets Garden in Elwood and the Mary and Basil Garden in Albert Park.

This Annual Report outlines our activities for the financial year 2011/12. We are proud to present our achievements and financial standing for the year.



Cr Rachel Powning

Mayor, City of Port Phillip



Kay Rundle

CEO, City of Port Phillip

OUR COMMUNITY

Located on the northern shore of Port Phillip Bay, south of the Melbourne city centre, the City of Port Phillip is known for its urban village feel, strip-shopping, tree-lined streets and artistic expression. Over 90,000 people live in Port Phillip and the city attracts approximately 4 million visitors each year.



The character of the city is marked by a richness of diversity and hosts many celebrated and innovative cultural events, parks, open spaces, recreational facilities, restaurants, entertainment venues and 12 kilometres of sweeping foreshore for people to enjoy.

Port Phillip is home to the major village precincts of Bay Street, Port Melbourne, Clarendon Street, South Melbourne, Fitzroy and Acland Streets, St Kilda and Carlisle Street, Balaclava. Each has its own character and cultural expression.

Significant employment areas also sit within Port Phillip, including the St Kilda Road office district and the industrial, warehousing and manufacturing districts in South Melbourne and Port Melbourne.

As a sought-after inner city area, Port Phillip's neighbourhoods are bustling centres that continue to experience significant residential development with an expected increase of 18,000 households (28,000 people) over the next 20 years.

Port Phillip's population is diverse with almost two thirds of Port Phillip's resident population aged between 25 and 49 and over 16 per cent from a non-English speaking background.

CITY PROFILE

Estimated population in 2011 [∞]	97,854
Average household size in 2006 [†]	1.88
Declared rates (2011/12)	\$87,916,640
Rateable properties	63,809
Residential properties	56,137
Commercial/industrial properties	7,672
Non-rateable properties	521

Area of land	20.62 km ²
Parks and open space	176 ha
Length of roads	221 km
Length of bike paths	63.2 km
Walkable foreshore	9.7 km

Maternal & child health care centres	7
Council managed child care centres	4
Community managed child care centres	8
Commercial child care centres	11
Kindergartens	13
Home based child carers	10
Playgroups	104
Primary schools	13
Secondary schools	7
Community centres	12

Significant sites

Aboriginal*	3
European heritage [‡]	163

[∞] Source: The Australian Bureau of Statistics

[†] Source: Census of Population and Housing 2006

* Source: Aboriginal Affairs Victoria



OUR SERVICES

Council provides a diverse range of services to support the community.

Here is a snapshot of just some of the services delivered throughout 2011/12.

FAMILY, YOUTH & CHILDREN

MATERNAL AND CHILD HEALTH

TOTAL BIRTHS	1,306
Community immunisation sessions	81
Attendances by infants/children to immunisation sessions	2,913

CHILDREN'S SERVICES

Vacation care enrolments	3,254
Children's camps	4
Total children's camp enrolments	62
JCAA program enrolments	1,198
Home-based child care staff	10
Children utilising home-based child care	149

CHILD CARE (LONG DAY CARE) PLACES

TOTAL	1,455
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COMMUNITY MANAGED

Ada Mary A'Beckett Children's Centre	105
Albert Park College Child Care Centre	36
Clarendon Children's Centre Co-operative	40
Eildon Road Children's Centre	40
Elwood Children's Centre	35
Poets Grove Family & Children's Centre	60
South Melbourne Child care Co-op	40
The Avenue Children's Centre	38

COUNCIL MANAGED

Clark Street Children's Centre	65
Coventry Children's Centre	60
North St Kilda Children's Centre	77
St Kilda Children's Centre	35

COMMERCIAL

Goodstart Early Learning Centre	55
Children's Garden Kindercare	40
City Kids Early Learning Centre	126
Dot2Dot Early Learning Centre	60
Emerald Hill Children's Centre	48
First Learning Children's centre	60
Kinderclub	48
Kids Station	60
St Kilda East Child Care Centre	27
Treehouse Child Care	140
Wonderkindy	160

KINDERGARTEN PLACES

TOTAL	535
Albert Park	48
Civic	23
Lady Forster	50
Lillian Cannam	48
Middle Park	24
Poets Grove	30
South Melbourne Mission	30
St Kilda & Balaclava	55
Uniting Church	30
Montesorri Preschool (independent)	30
St Michaels School	49
Wesley Early Learning Centre	58
Yesodei Hatorah College	60

FAMILY SUPPORT

Government grant value	\$204,143
Target hours	2,470

DIVERSITY & AGEING

Active clients	2,136
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AGED AND DISABILITY SERVICES

General home care	31,515 hours
Meal preparation	523 hours
Personal care	6,743 hours
Home maintenance service	4,268 hours
Respite care – individual visits	3,533
Home-based respite care (number of families)	60
Respite care	9,905 hours
Shopping	7,053 hours
Core social support hours	5,439 hours
High priority social support hours	7,637 hours
Delivered meals	39,392
Delivered meals number of clients	316
Recipients cost per meal	\$7.65
Centre-based meals	2,384
Meals subsidised	73,332
Total meals provided	115,108

COMMUNITY TRANSPORT

Community bus – trips made	1,820
Routes	2
Runs per day	7
Stops	146
Passengers per annum	30,680

CULTURE & LEISURE

LIBRARIES

Programs run		549		
Program attendees		37,017		
New books bought yearly		48,074		
Inter library loans		6,766		
Total loans		716,423		
Total visits		673,088		
St Kilda Library:				
Loans	448,432	Visits	352,735	
Albert Park Library:				
Loans	123,100	Visits	133,783	
Emerald Hill Library:				
Loans	25,888	Visits	56,163	
Middle Park Library:				
Loans	13,001	Visits	16,838	
Port Melbourne Library:				
Loans	95,634	Visits	113,569	

ARTS AND FESTIVALS

Filming permits issued	206
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SPORT FACILITY BOOKINGS

TOTAL	3,973
Wattie Watson Oval	362
Esplanade Oval / cricket ground	345
Head Street cricket ground A	386
Head Street cricket ground B	386
Peanut Farm Oval	375
Alma Park Oval	260
Lagoon Oval	206
Anderson Oval 1	342
Anderson Oval 2	342
G.S. Williams Oval	103
A.T. Aanenson Oval	302
J.M. Woodruff Oval	265
North Port Oval	243
Synthetic Pitch	56

COMMUNITY DEVELOPMENT

COMMUNITY CENTRES

TOTAL	12
Visitors	168,454
Bookings	11,397
Permanent group bookings (HACC, Community Groups)	163
Permanent semi commercial	32
Casual hire	1,031

INFRASTRUCTURE

Road resurfacing budget	\$1.46M
Maintenance budget	\$21.27M
Roads to Recovery Funding	\$200k
Length of roads maintained	353 km
Area of ovals mowed (seasonal)	17 ha/wk
Reserves and gardens maintained	152 ha
Weekly waste collection pickups	36,896
Weekly recycling collection pickups	32,117
Hard and green waste collections	12,601
Drainage pits inspected	17,844
Playground inspections	2,912

SUSTAINABILITY

The number of fleet vehicles maintained	137
The number of participants in City of Port Phillip-run Sustainability Programs	1,851

TOWN PLANNING

PLANNING APPLICATIONS

Total approved	1,275
Cancelled	4
Withdrawn (by applicant)	44
No permit required	26
Notice of decision	321
Refusals	61
Vacated	15
Lapsed	22

MUNICIPAL LAWS

HEALTH SERVICES

Registered premises inspections	2,707
Food samples analysed	265
Prescribed accommodation inspections	102
Hairdresser, tattooist and beauty parlour inspections	205
Discarded syringes collected through syringe disposal containers and the Community Clean-up program	52,889
Public health nuisance	273
Food related	186



OUR SERVICES

ANIMAL REGISTRATIONS

Dogs	5,873
Cats	3,001
Impounded dogs	174
Impounded cats	94

SERVICE REQUESTS

Stray cat (feral or trespassing)	92
Dogs (wandering at large)	99
Dog attack	82
Barking dog	266
Parking complaint (officer)	36
Abandoned vehicles	1,197
Unightly property	121
Litter investigation requests	608

PERMITS ISSUED

Disabled - Blue	1,193
Disabled – Green	105
Resident parking permits	6,905
Visitor parking permits	7,753
A-frames	257
Bulk rubbish containers (skip bins)	1,784

INFRINGEMENT NOTICES

Parking enforcement	159,238
Local law	305
Animal management	203

PROPERTY SERVICES

Council managed leases and licences	110
Building Maintenance requests	5,283

SOUTH MELBOURNE MARKET

Annual visitors to South Melbourne Market	3,700,308
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COMMUNICATIONS AND ENGAGEMENT

Consultations hosted by Council on key local issues	36
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COMMUNITY AND COUNCILLOR SUPPORT

ASSIST

Number of visitors to Council service centres	45,047
Service level (calls answered within 30 seconds)	82.62%
Total phone calls answered	119,508

MEETINGS AND EVENTS

Weddings held in parks and open spaces	103
Other community events in parks and open spaces	11
Community events in Council halls	50



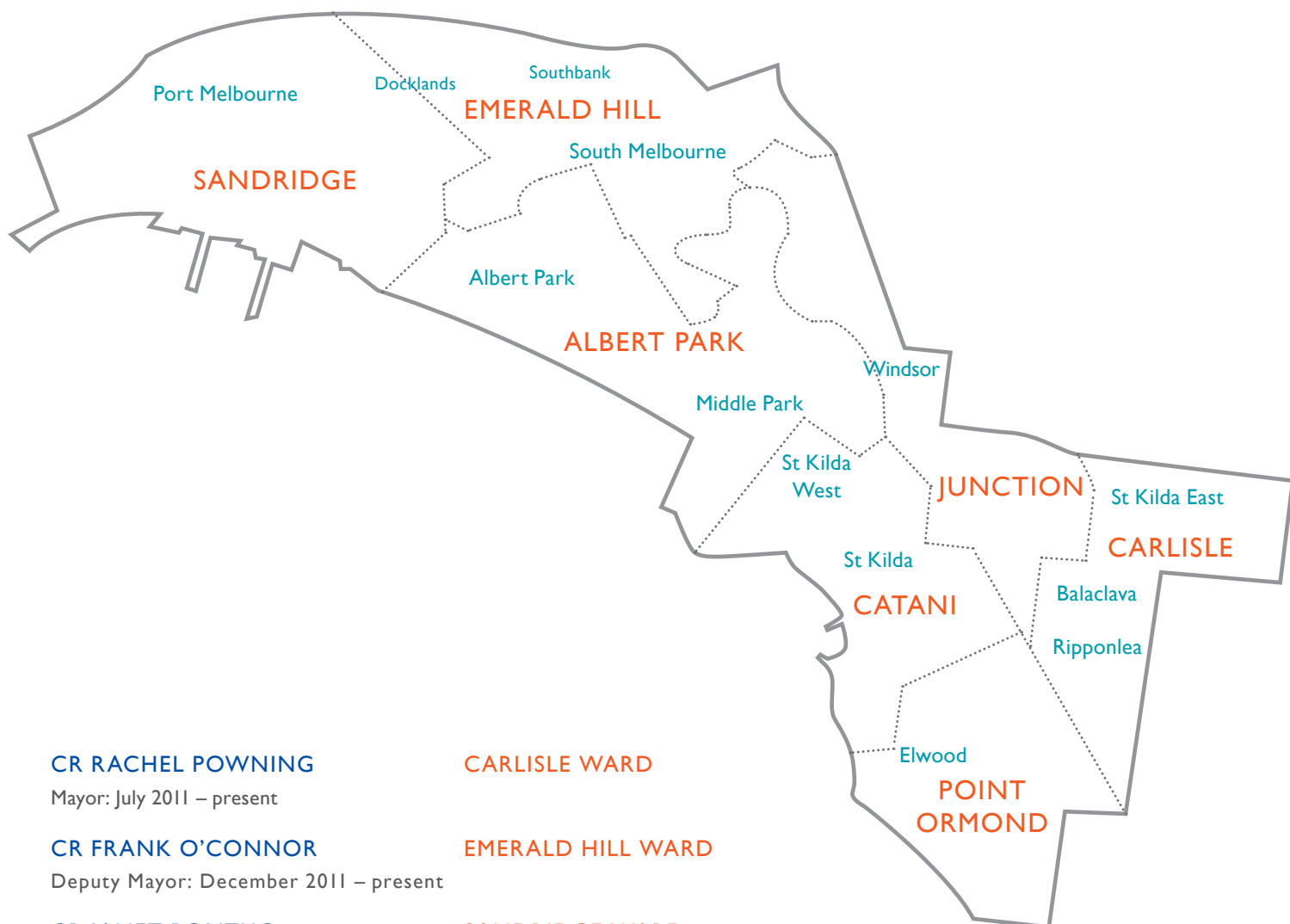
GOOD GOVERNANCE

CITY OF PORT PHILLIP

Council is responsible for the stewardship of the community and ensuring corporate governance. Collectively, the Councillors set the strategic direction for the organisation.

On 8 December 2008 the Councillors were sworn in as elected representatives of the City of Port Phillip for a four year term.

The municipality is divided into seven wards, represented by one Councillor in each ward. The seven Councillors are the elected representatives of all residents and ratepayers across the city. Collectively they have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.



CR RACHEL POWNING

Mayor: July 2011 – present

CR FRANK O'CONNOR

Deputy Mayor: December 2011 – present

CR JANET BOLITHO

CR JUDITH KLEPNER

CR JOHN MIDDLETON

CR SERGE THOMANN

CR JANE TOUZEAU

CARLISLE WARD

EMERALD HILL WARD

SANDRIDGE WARD

ALBERT PARK WARD

WINDSOR WARD

CATANI WARD

POINT ORMOND WARD

COUNCILLOR REPRESENTATIONS

COMMITTEE

MEMBERSHIP

SECTION 86 SPECIAL COMMITTEES

Statutory Planning Committee	All Councillors
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SECTION 86 SPECIAL COMMITTEES WITH DELEGATIONS

Inner Melbourne Action Plan Committee (with Stonnington, Melbourne and Yarra Councils)	Mayor Cr Rachel Powning
Neighbourhood Programs Committee	Mayor Cr Rachel Powning & Cr Serge Thomann
Port Melbourne Family and Children's Hub Committee	No Councillor appointment required
South Melbourne Market Management Committee	Cr Frank O'Connor (Chair), Cr John Middleton & Cr Judith Klepner

ADVISORY COMMITTEES

Animal Management Community Reference Group	Cr Serge Thomann (Chair)
Art Acquisition Reference Committee	Cr Jane Touzeau (Chair)
Audit Committee	Mayor Cr Rachel Powning & Cr Frank O'Connor
Civic Projects and Citizens of the Year Panel	Cr Judith Klepner & Cr Jane Touzeau
Community Grants Assessment Panel	Cr Judith Klepner & Cr John Middleton
Community Pulse Steering Committee	Cr Jane Touzeau
Cultural Development Fund Committee	Cr Serge Thomann (Chair)
Cultural Heritage Reference Committee	Cr Frank O'Connor
Esplanade Market Advisory Committee	Cr Serge Thomann (Chair) & Cr Jane Touzeau
Friends of Suai Community Taskforce	Mayor Cr Rachel Powning & Reserve Cr Serge Thomann
Hindmarsh Steering Committee	Cr Janet Bolitho (Chair at Port Phillip) & Cr Jane Touzeau
JL Murphy Reserve Community Reference Group	Cr Janet Bolitho & Cr Serge Thomann
Melbourne Sports and Aquatic Centre Advisory Committee	Cr Judith Klepner & Cr John Middleton
Multicultural Forum	Cr Serge Thomann (Chair)
Older Persons Consultative Committee	Cr Judith Klepner
Port Melbourne Waterfront Urban Design Framework Community Reference Committee	Mayor Cr Rachel Powning & Cr Janet Bolitho
Rupert Bunny Foundation Subcommittee	Cr Jane Touzeau

EXTERNAL COMMITTEES

Association of Bayside Municipalities	Cr Janet Bolitho
Gasworks Arts Inc Board of Management	Cr Judith Klepner
Healthy & Safer Cities Alliance	Cr Judith Klepner
Inner Melbourne Community Road Safety Council	Cr Janet Bolitho
Inner South Metropolitan Mayors Forum	Mayor Cr Rachel Powning
Linden Board of Management Inc.	Mayor Cr Rachel Powning
Municipal Association of Victoria	Cr John Middleton & Reserve Mayor Cr Rachel Powning
Metropolitan Transport Forum – 17 Councils	Cr John Middleton
Metropolitan Waste Management Group	Cr John Middleton
Multi - Faith Network Steering Committee	Cr Frank O'Connor
Port Phillip Housing Association Ltd – Board of Directors	Cr Frank O'Connor
St Kilda Tourism Association	Cr Serge Thomann
Victorian Local Governance Association	Mayor Cr Rachel Powning & Reserve Cr Jane Touzeau

APPOINTMENTS TO EXTERNAL BODIES NOT MADE BY COUNCIL

Adult, Community and Further Education Board	Cr Judith Klepner
MAV Arts & Culture Committee	Cr Serge Thomann
MAV Environment Committee	Cr Jane Touzeau (Reserve Cr Janet Bolitho)
MAV Planning Committee	Cr Judith Klepner
MAV Transport & Infrastructure Advisory Group	Cr Janet Bolitho (Reserve Cr Jane Touzeau)
RFK Pty Ltd trading as Community Chef	Cr Rachel Powning
Victorian Coastal Council	Cr Janet Bolitho
Victorian Local Governance Association	Cr Rachel Powning
Victorian Local Sustainability Advisory Committee - Accord	Cr Janet Bolitho (Chairperson)

GOOD GOVERNANCE AT THE CITY OF PORT PHILLIP

COMMITMENT TO GOOD GOVERNANCE

Council has a strong commitment to meeting high standards of democratic and corporate governance. The drive to improve governance is cemented in the Council Plan 2009 - 2013 under the first strategic direction "*Engaging and Governing the City*".

AN OPEN AND ENGAGING COUNCIL

Council operates in an open and transparent manner in making decisions.

Council seeks to engage the community on key issues of significance to Council decisions. Examples include supporting input from Community Reference Groups and seeking input from broad cross-sections of the community through improved community consultation practices, including the use of online mediums.

Council also encourages community participation in Council meetings through opportunities to be present and heard without time restrictions. Council meetings are also rotated between each Town Hall.

Confidential reports are also kept to a minimum. Every effort is made to ensure the majority of decisions are considered in open Council meetings, including tenders and legal matters.

Dates and venues for Council and committee meetings are advertised in the local media and on Council's website. Urgent special meetings are only occasionally called, and when this occurs, effort is made to broadly publicise the meeting.

Over the last year, Council has continued its commitment to involving people and ensuring decisions are made in the best interests of the whole community.

COUNCIL MEETING DATES 2011/12

Ordinary Meeting of Council

Monday 11 July 2011	Port Melbourne Town Hall
Monday 25 July 2011	St Kilda Town Hall
Monday 8 August 2011	South Melbourne Town Hall
Monday 22 August 2011	St Kilda Town Hall
Monday 12 September 2011	Port Melbourne Town Hall
Monday 26 September 2011	St Kilda Town Hall
Monday 10 October 2011	South Melbourne Town Hall
Monday 24 October 2011	St Kilda Town Hall
Monday 14 November 2011	Port Melbourne Town Hall
Monday 28 November 2011	St Kilda Town Hall
Monday 12 December 2011	South Melbourne Town Hall
Tuesday 31 January 2012	St Kilda Town Hall
Tuesday 14 February 2012	South Melbourne Town Hall
Tuesday 28 February 2012	St Kilda Town Hall
Tuesday 13 March 2012	Port Melbourne Town Hall
Tuesday 27 March 2012	St Kilda Town Hall
Tuesday 10 April 2012	South Melbourne Town Hall
Tuesday 24 April 2012	St Kilda Town Hall
Tuesday 8 May 2012	Port Melbourne Town Hall
Wednesday 23 May 2012	St Kilda Town Hall
Tuesday 12 June 2012	South Melbourne Town Hall
Tuesday 26 June 2012	St Kilda Town Hall

Statutory Planning Meeting

Monday 18 July 2011	St Kilda Town Hall
Monday 15 August 2011	St Kilda Town Hall
Monday 19 September 2011	St Kilda Town Hall
Monday 17 October 2011	St Kilda Town Hall
Monday 21 November 2011	St Kilda Town Hall
Wednesday 14 December 2011	St Kilda Town Hall
Tuesday 21 February 2012	St Kilda Town Hall
Tuesday 20 March 2012	St Kilda Town Hall
Tuesday 17 April 2012	St Kilda Town Hall
Tuesday 15 May 2012	St Kilda Town Hall
Tuesday 19 June 2012	St Kilda Town Hall

Special Meeting of Council

Thursday 25 August 2011	St Kilda Town Hall
Monday 5 December 2011	St Kilda Town Hall
Wednesday 21 December 2011	St Kilda Town Hall
Tuesday 21 February 2012	St Kilda Town Hall

COUNCILLOR ATTENDANCE AT MEETINGS

Councillor	Ordinary Council Meeting	Statutory Planning Meeting	Special Council Meeting
Cr Janet Bolitho	22	11	4
Cr Judith Klepner	21	11	4
Cr John Middleton	20	11	3
Cr Frank O'Connor	19	10	3
Cr Rachel Powning	21	9	4
Cr Serge Thomann	22	11	4
Cr Jane Touzeau	21	10	4

ROLE OF LOCAL GOVERNMENT

Australia has three levels of government: federal, state and local. Local government, or council, is responsible for planning and delivering a wide range of services affecting residents, businesses, neighbourhoods and the local community. All councils have the power to make and enforce local laws and collect revenue to fund their activities.

Each Victorian council varies in some way according to its community, but all councils must operate in accordance with the Victorian Local Government Act 1989. The City of Port Phillip's neighbouring councils are the Cities of Melbourne, Bayside, Glen Eira and Stonnington.

Within Victoria, the purpose of a council is to:

- provide leadership for the good governance of the municipal district and the local community
- act as representative government by taking into account the diverse needs of the local community in decision-making
- provide leadership by establishing strategic objectives and monitoring their achievement
- maintain the viability of the council by ensuring resources are managed in a responsible and accountable manner
- advocate the interests of local community to other communities and governments
- act as a responsible partner in government by taking into account the needs of other communities
- foster community cohesion and encourage active participation in civic life.

The functions of councils include the following:

- advocating and promoting proposals in the best interests of the local community
- planning for and providing services and facilities for the local community
- providing and maintaining community infrastructure in the municipal district
- undertaking strategic and land-use planning for the municipal district
- raising revenue to enable the council to perform its functions
- making and enforcing local laws
- exercising, performing and discharging the duties, functions and powers of councils under this Act and other Acts
- any other functions relating to the peace, order and good governance of the municipal district.

Source: Local Government Act 1989

ACCOUNTABILITY

AUDIT COMMITTEE AND INTERNAL AUDIT

As part of its duty to fulfil governance obligations to the community, Council seeks the probity of the audit committee. The audit committee endorses an annual internal audit program which is developed by the internal auditor, the internal audit contractor and Council management. The program addresses the risks that the organisation may confront.

The audit committee membership for 2011/12 consisted of three external representatives and two councillors. The Chief Executive Officer, the General Manager Corporate Services and the Chief Financial Officer attend the meetings. The internal auditor attends to present audit reports and provide advice to the audit committee and Council's internal audit contractor also attends to respond to questions about audits they have produced. Minutes of audit committee meetings are distributed to all councillors.

AUDIT COMMITTEE EXTERNAL REPRESENTATIVES

Gaye Mason, chair of the audit committee, is a CPA and has had senior executive roles and has a diverse financial and commercial management background in organisations of varying size and complexity. She has particular expertise in accounting and finance, corporate governance, risk management, strategy development, profitability improvement, policy development and complex project management. Ms Mason has experience on audit and risk committees in professional services, government and community sector organisations. She receives \$7,000 per annum for her role as chairperson.

Brian Densem, a CPA and a Fellow of the Institute of Internal Auditors, is General Manager Group Audit of a leading Australian mutual company. He has extensive knowledge of internal audit, risk management and exposure to numerous industries, but with a primary focus on financial services. Mr Densem is a member of another local government audit committee. He receives \$6,000 per annum for his role on the committee.

Helen Lanyon, has had previous Board experience and eighteen years experience at Executive Management Team level. She has extensive experience in the corporate services functions within local government including finance and rating, information technology, human resource, learning & development, business development, customer service, governance, local laws, legal services, marketing, internal audit, organisational change and development. She receives \$6,000 per annum for her role on the committee.

INTERNAL REPRESENTATIVES

The Mayor and one other councillor are appointed to the audit committee.

During 2011/12 the audit committee met on five occasions.

The audit committee, the internal auditor and the internal audit contractor are key elements of the Council's system of checks and balances. All Victorian councils are also externally audited on an annual basis by the Victorian Auditor-General.

All councils must comply with the requirements of the Local Government Act 1989 and other pieces of legislation, and are required to provide the Minister for Local Government with detailed reports, including an annual report, budget and council plan.

These measures are in place to ensure that councils are accountable to their stakeholders including residents, ratepayers, business and government.

LOCAL GOVERNMENT INVESTIGATIONS AND COMPLIANCE INSPECTORATE

Another layer of audit is provided by the Local Government Investigations and Compliance Inspectorate (the Inspectorate) which is an Administrative Office of the Department of Planning and Community Development.

The Inspectorate is responsible for ensuring that Victoria's local government sector meets the highest standards of accountability and transparency.

The Inspectorate focuses on compliance with the Local Government Act 1989 (the Act), by:

- investigating alleged breaches of the Act;
- implementing a rolling audit program; and
- conducting spot audits of councils' compliance.

The Inspectorate conducted a visit to Council on 30 September 2011 and reviewed Council's compliance with agreed actions from its previous visit in November 2010. The Inspectorate reported that the review was very positive and that all agreed actions have been implemented.



OUR PERFORMANCE

COUNCIL PLAN 2009 - 2013

Each newly elected Council is required by legislation to develop a four-year Council Plan outlining their objectives, strategies and indicators for monitoring the achievement of the objectives. The development of the Council Plan 2009 - 2013 was informed by conversations held within the community in February and March 2009.

The Council Plan is framed around four strategic directions which provide the primary direction for Council and the organisation.

1. Engaging and Governing the City
2. Taking Action on Climate Change
3. Strengthening our Diverse and Inclusive Community
4. Enhancing Liveability

Each strategic direction is supported by a number of strategies, actions and indicators designed to help measure progress.

Council is committed to reporting transparently on the implementation of the Plan on an ongoing basis through the production of quarterly reports. Information about the quarterly reports is available online at www.portphillip.vic.gov.au

REVIEWING THE COUNCIL PLAN

The Council Plan 2009 - 2013 is designed as a “living” document that has been reviewed over the Council’s four-year term. As a result of conversations with members of the Port Phillip community in 2011, new actions were developed and others were modified for 2011/12.

The information on the following pages outlines Council’s achievements against the strategic directions of the Council Plan 2009 – 2013.

STRATEGIC DIRECTION I

ENGAGING AND GOVERNING THE CITY

SUB THEME I.1 – VALUE AND UTILISE SKILLS AND KNOWLEDGE IN THE COMMUNITY

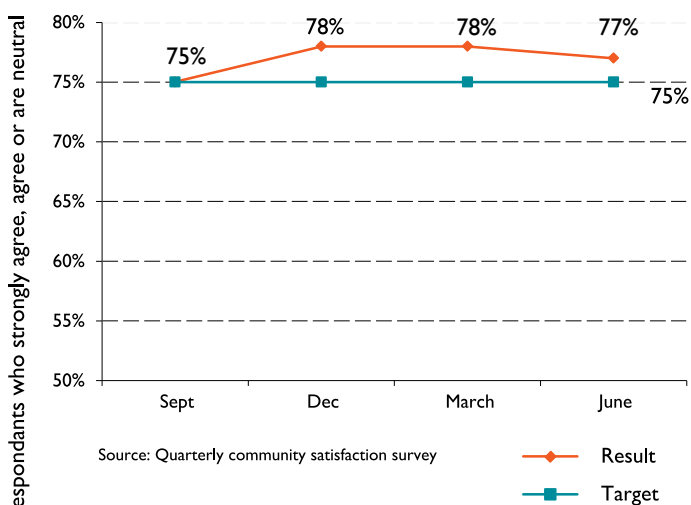
We will draw on the expertise within the community. We will listen and have real conversations with our constituents and will use their advice to inform our decision-making.

Achievement will look like

*Community that feels valued, consulted, heard and informed.
Ongoing active involvement by groups and individuals in the life of our community.*

Indicator of achievement

Community satisfaction with Council's engagement with the community in decision making on key local issues



The percentage of respondents who felt satisfied with Council's engagement with the community has consistently exceeded the target with a high of 78 per cent in the December result.

Highlights

- In 2011/12 Council consulted on 36 topics that are important for our community through this year. Our consultation processes are designed to have genuine conversations that inform Council's decision-making. Highlights include:
 - » Broad community consultation was undertaken in November 2011 to invite feedback on plans to expand and refurbish the Emerald Hill Library to become the Emerald Hill Library and Heritage Centre. In addition to information sessions and meetings, a consultation with preschool children was held during storytime to give children an opportunity to have their say on the future of the library
 - » Engaging the community in a series of wide ranging public consultations aimed at ensuring residents, visitors and users of our services can have a voice in developing our new four year Domestic Animal Management Plan and Council's revised Local Law
 - » The St Kilda Triangle project fostered broader community involvement in the development of a Vision for the site through a series of Ideas Forums with key community representatives, and other face-to-face and online conversations with the community including a questionnaire, roundtable discussions, SpeakOut events, online forums and social media
- The 2011 Civic Awards marked the 10th anniversary of the International Year of Volunteers. The Awards acknowledge residents and groups who have made a positive contribution to the community. This year's winners were Ms Zoe Hogg (2011 Citizen of the Year), Peter Goad (Seniors' Award), Gio Fitzpatrick (Young People's Award) and the Middle Park History Group (Civic Project of the Year).

SUB THEME 1.2 – GOVERNING

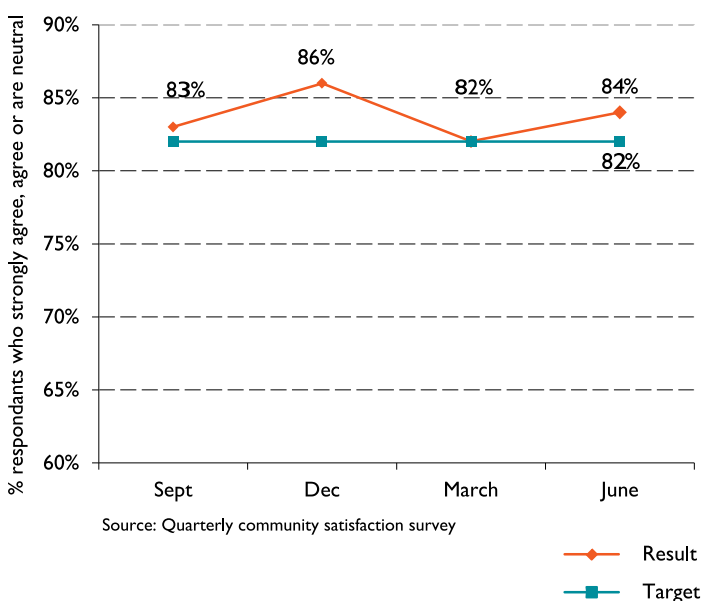
We are committed to good governance and transparent decision-making. We will ensure that all decisions are fair and in line with our democratic and statutory obligations.

Achievement will look like

Council has an enhanced reputation (trustful, truthful, transparent, ethical, responsible, informed decision-making).

Indicator of achievement

Community perception of Council's reputation



This indicator asks respondents to rate their perception of Council as a trustful, truthful, transparent, ethical, responsible organisation that makes informed decisions. The perception of Council's reputation has remained high and relatively consistent across the year.

Highlights

- Hosted a program of six conversation tents at local markets and shopping strips in February and March providing an opportunity to check in with the community for their valuable input into the review of the Council Plan 2009 - 2013 and the development of 2012/13 Budget.
- Council's website was given a refresh in August 2011 to increase visual appeal and make the home page more user-friendly.
- A new and easy-to-use integrated website was launched offering a more informative gateway to our Library and Heritage services. Users can now explore information, including eBook collections, full text databases and newspapers, online language courses, reader's advice and walking tours of the area.
- As part of a review of Council's Procurement Policy, a mandatory procurement training program was rolled out for all staff that access the purchasing system to ensure they understand their responsibilities under the policy.
- The biennial Municipal Revaluation was completed in 2012 to the satisfaction of the Victorian Valuer General and within the required timelines.
- Council updated its Audit Committee Charter that guides the activities of its Audit Committee. The charter previously required three councillors and two external members but following recommendations in the 'Audit Committees - A Guide to Good Practice for Local Government' produced by Local Government Victoria, the Council now has three external members and two councillors on the Committee.

STRATEGIC DIRECTION I

ENGAGING AND GOVERNING THE CITY (CONT.)

SUB THEME I. 3 – COMMITMENT TO SERVICE

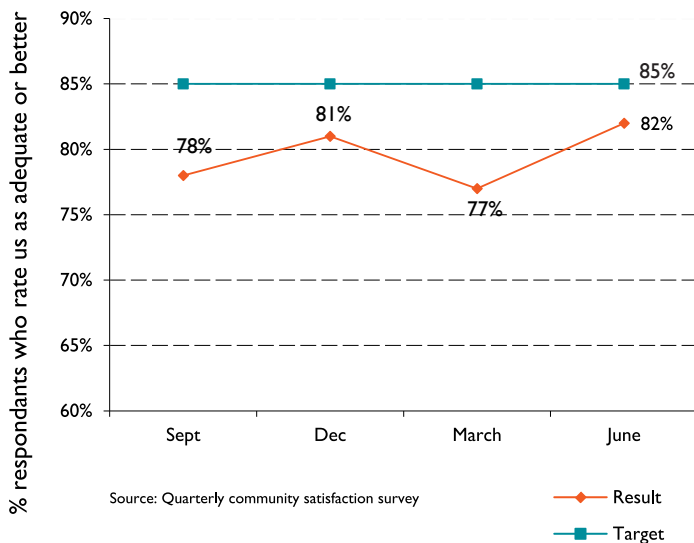
We are committed to providing quality service to the community. Our services will be equitable, accessible and responsive to the community's needs.

Achievement will look like

*An organisation that delivers high quality services to the community.
An organisation that values service to the public and the concept of public good.*

Indicator of achievement

Community satisfaction with the overall service performance of Council



Council nominated to set a stretch target of 85% for community satisfaction.

The performance of this indicator has trended up across the year with a high of 82% in the fourth quarter.

Highlights

- A series of workshops were undertaken with twenty teams who deliver important services to the community to acquaint themselves with the organisation's service principles and develop their own service standards.
- Thirty six of the forty actions detailed in the organisation's Communications and Engagement Strategy were achieved. This includes launching of an online toolkit and training program for all staff to improve our internal capacity.
- 2,913 free immunisations were provided to babies and children throughout the year. Immunisation coverage rates for children up to two years of age has remained stable at just over 90%.
- Approximately 2,740 inspections of the municipality's 1,100 food premises were conducted by Environmental Health Officers. Compliance with the State's Food Act 1984 remains above 90%.
- One of Port Phillip's local school crossing supervisors was awarded 'Supervisor of the Year' by School Crossings Victoria. This year, the City of Port Phillip had three nominees in the biannual awards.
- New National Quality Standards were introduced in all early childhood education and care centres and school holiday programs across the municipality.

SUB THEME I. 4 – MANAGING FOR THE LONGER TERM

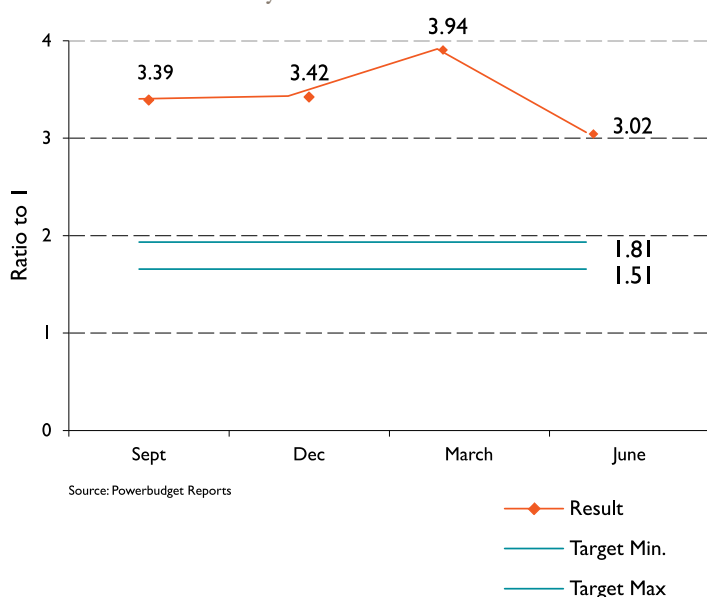
We are committed to responsibly managing our community assets and resources now and into the future.

Achievement will look like

Sound financial position, well maintained assets and a healthy organisational culture.

Indicators of achievement

Council's liquidity – the ability of Council to pay its liabilities within one year



Council's working capital ratio has been impacted by the higher than projected holdings in short term investments which are earmarked for major capital works projects that are currently under construction.

Renewal Gap Ratio

Target Greater than or equal to 1 **Result** 0.55

Council's budget allocation for asset renewal was lower than the required amount to match asset depreciation due to the funding required for major projects. A large proportion of renewal projects that were budgeted for were completed.

Highlights

- A ten year financial plan has been developed which provides phased projections of the City's forward capital works financial commitments. It will guide capital works planning across the city.
- Approximately 160 Council buildings were audited to identify condition and accessibility issues. This provides a comprehensive set of information for planning for the improvement of Council's building assets over the longer term.
- As part of Council's road and footpath rehabilitation capital works program, 4.5 km of road and 9 km of footpath were resurfaced to provide a smoother and safer surface for pedestrians, cyclists and motorists. The rehabilitation will also significantly extend the life of these important transport assets.
- The implementation of a new corporate contract management system addressed an identified need to improve the organisation's capability to develop an end to end contract management system that streamlines the tender initiation and evaluation process and also support contract managers with the execution of their contract management responsibilities.
- Eight City of Port Phillip staff members competed against 21 other Victorian Councils to win the 2012 Victorian Local Government Management Challenge.
- The City of Port Phillip was a finalist in the 2012 LGPro Excellence Awards in the category of Innovative Management Initiatives for its Values and Behaviours Project. Designed to promote the organisational values, more than 65 workshops were facilitated by a group of Council employees across the organisation.

STRATEGIC DIRECTION 2

TAKING ACTION ON CLIMATE CHANGE

SUB THEME 2.1 – REDUCING CONSUMPTION AND EMISSIONS

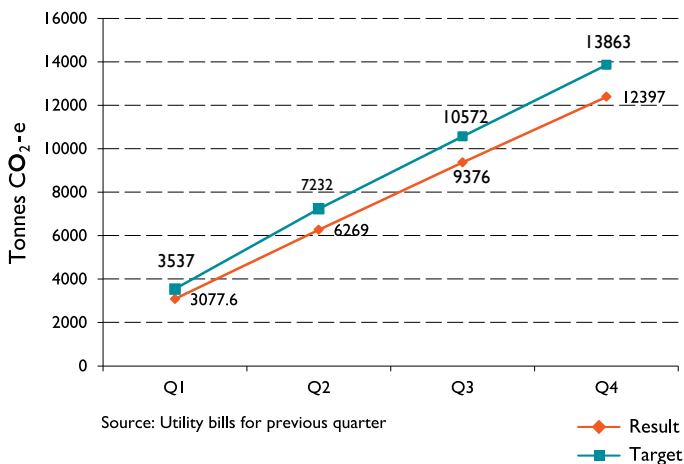
We will reduce water use, energy use and waste, while increasing the use of renewables in both Council operations and the community. We will actively seek and build alliances with the community and other organisations to achieve this goal.

Achievement will look like

Reduction in both the organisation's and the community's non-renewable energy and potable water consumption.

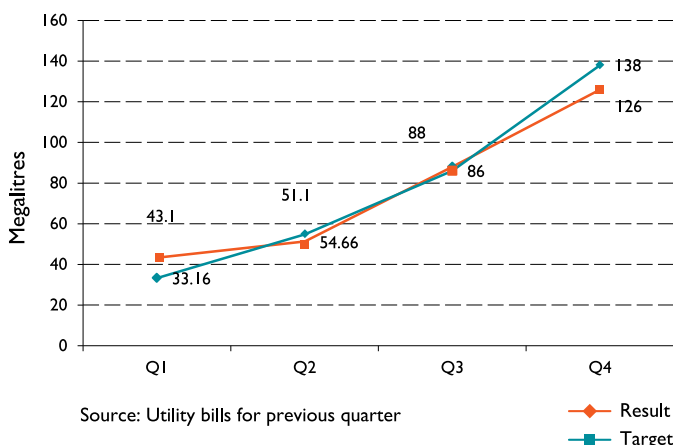
Indicators of achievement

Council's cumulative total carbon emissions per annum¹



Emissions for the year are within the target range (less than the previous year). Energy efficiency actions continue to be implemented in Council buildings. Emissions reductions are in the main attributed to the retrofit program as the street light bulk change over is being held over to 2013 due to regulatory reasons.

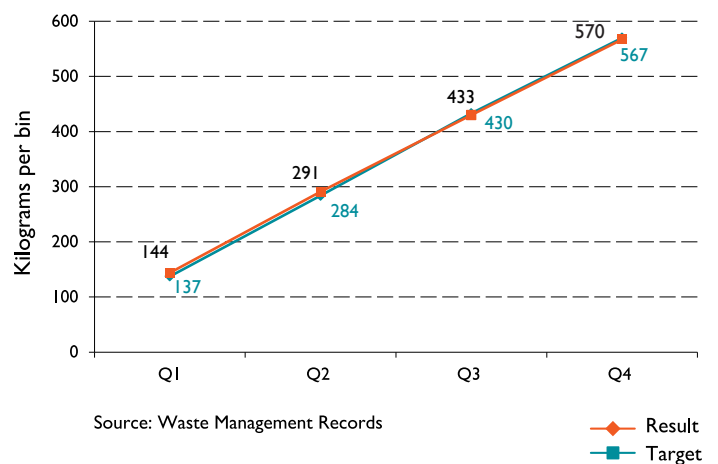
Council's total potable water consumption¹



¹ Due to billing cycles the year refers to the period of April 2011 to March 2012

Significant increases in water consumption have occurred in the past 12 months, in particular in parks, gardens and sports facilities. Council is still achieving the target of a greater than 70% reduction in water consumption against the 2000/01 baseline year (155 megalitres actual target). Other areas with higher than expected consumption include childcare centres and public amenities.

Residential waste collection per bin



The total household waste collected from kerbside waste and sent to landfill was 21,173 tonnes with over 36,000 bins collected each week. In comparison, 11,675 tonnes of household recycling was collected sent for recycling and reuse from 32,117 bins each week.

Community's potable water use

Result

Average of 329 litres per person per day.

Community water use has remained steady for the 2011/12 reporting period. This is a good outcome given the relaxing in water restrictions combined with the dropping of Target 155 by the State Government. Council has continued to work with the community to reduce water consumption in partnership with South East Water. The above average rainfall over the period has also aided in reducing irrigation and therefore overall demand.

Community's energy use

Result

1.6 million tonnes CO₂-e (estimate).

For 2010/11², total community energy use (electricity, gas and transport emissions) was estimated at almost 1.6 million tonnes CO₂-e (carbon dioxide equivalent). The residential sector is responsible for 35.5% of these or just under 13 tonnes CO₂-e per household.

Highlights

- Council has developed, consulted on and released a Greenhouse Plan which provides key Council and community implementation frameworks to meet Council's 2020 greenhouse targets in the Toward Zero Sustainable Environment Strategy (2007). The Plan adopted in November 2011 provides information on community and Council emissions, models a variety of emissions reductions paths and provides action paths for each sector of emissions.
- The City of Port Phillip's Water Plan – Toward a Water Sensitive City won an award in the category of Excellence in Research, Innovation, Policy or Education at the 2011 Stormwater Victoria Excellence Awards.
- City of Port Phillip, in conjunction with Sustainability Victoria, City of Melbourne and City of Yarra, grew the CitySwitch Green Office program in Victoria in 2011/12 to 115 signatories. The CitySwitch Green Office program encourages commercial office tenants to improve their energy efficiency. Port Phillip signatories were increased from 11 signatories to 20 signatories (or 45,337sqm net lettable area) in the 2011/12 financial year.
- The Resource Recovery Centre collected and recycled 10.86 tonnes of e-waste, 1.2 tonnes of batteries, 1.2 tonnes of paint, 241 kilograms of light globes, 3,700 litres of used car oil, 108 tonnes of metals, 1,246 mattresses and 520 tonnes of green waste from 26,713 customers.
- South Melbourne Market has improved its waste management with 60% of the waste from the market now being diverted away from landfill through recycling initiatives.
- The Challenge to Change program which aims to reduce weekly electricity use by behaviour change was delivered again this year. Active participants included 129 people from households and environmental teams from North St Kilda Childcare Centre and St Kilda Primary School. The average weekly reduction in electricity use was 20%. For households this equates to an average saving of \$127 per annum. Collectively, participants avoided 173 kilograms of greenhouse gas emissions in one week of action, enough to fill 3,500 black balloons. An evaluation and celebration event was held in June at the EcoCentre.
- The City of Phillip participated in the national Garage Sale Trail on Saturday 5 May 2012. There were 75 registered sales in the City of Port Phillip with community groups, households, makers and creators and a school involved. A total of 15,570 items were listed for sale. Evaluation data suggests that each seller made an average of 6 new neighbourly connections, therefore there were 1,133 new neighbourly connections made. Sellers made an average of \$401 in pocket money on the day, of which 74% was spent locally. 27% of participants donated to charity.

² Accurate data on community emissions is currently unavailable. The estimate for 2010/11 is extrapolated from 2006/07 energy consumption data from energy retailers, ABS-based transport data and municipal waste to landfill emissions (excluding private waste collection services). Council is unable to provide further estimations beyond 2010/11 because of the age of the original data. Council continues to advocate for the provision of reliable and timely community emissions data.

STRATEGIC DIRECTION 2

TAKING ACTION ON CLIMATE CHANGE (CONT.)

SUB THEME 2.2 – CHANGING TRANSPORT PRIORITIES

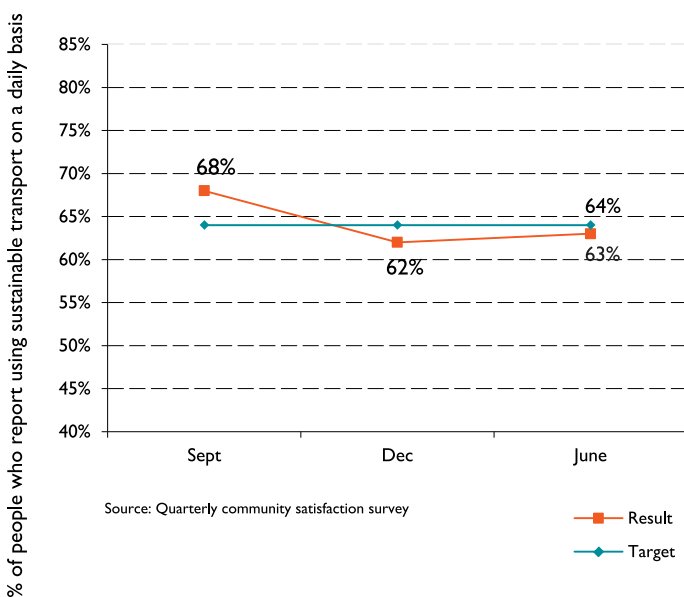
We will advocate the use of sustainable transportation in our operations and in the community.

Achievement will look like

*Increased use of sustainable transport options within the community.
Reduced greenhouse gas emissions from Council travel.*

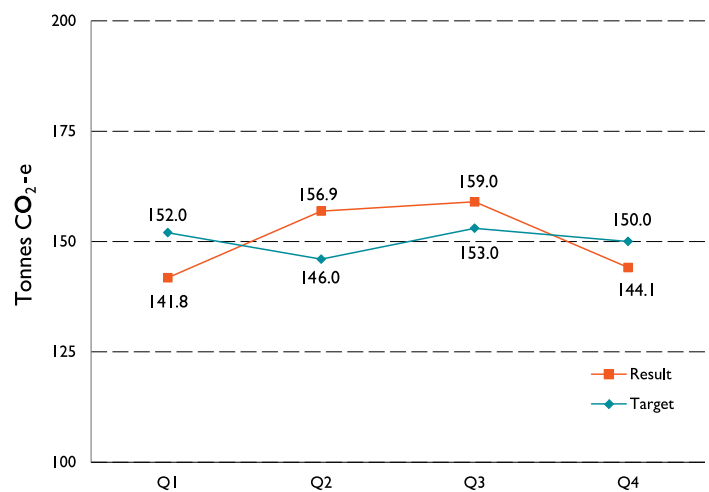
Indicators of achievement

Community use of sustainable transport options



There has been a slight drop in the number of people reporting use of sustainable transport on a daily basis from the high in September. No data was recorded for the third quarter.

Carbon emissions from Council fleet vehicles



Carbon emissions from Council's fleet were within the target in the first and fourth quarter.

Highlights

- Council adopted its Sustainable Transport Strategy, Walk Plan and Bike Plan in August 2011. These aim to develop a better connected and liveable city with safe, quality walking and bike riding opportunities.
- For the first time, Council provided bicycle valet parking services at two locations for St Kilda's Festival Sunday. 336 users took advantage of this service which aimed to get more people using sustainable transport to and from the festival.
- Council re-established relationships to engage the school community in the School Travel Program, with two schools committed towards developing a school travel plan. Across eight participating schools in the School Travel Program in Port Phillip, Ride2School Day in March 2012 saw a 48% jump in active travel – with 52% of children using active travel to reach school before the day and 77% on the Ride2School Day itself.
- As part of the annual Summer & Lifestyles Program, Council delivered three bike education events to increase the confidence of participants to ride safely and lawfully. Council also increased the capacity and skills of the community through bike education and maintenance courses that were run in April 2012.

SUB THEME 2.3 – ADAPTING AND SUSTAINING

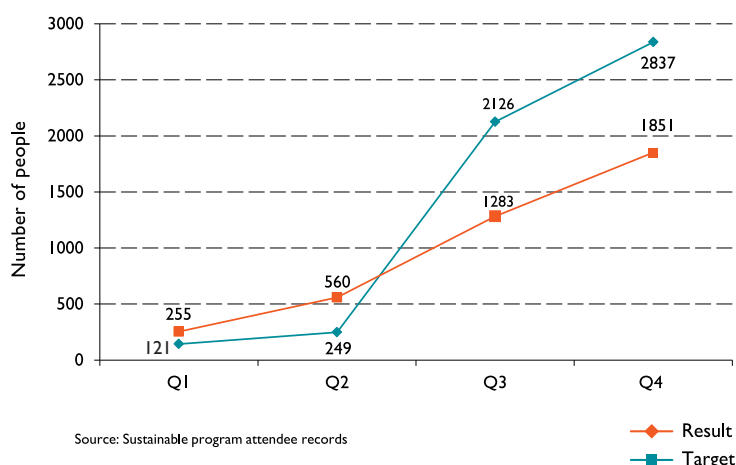
We will prepare the community and our assets for a different climatic future. We will advocate for change and will provide the community with quality information and advice.

Achievement will look like

An increased community uptake of water and energy efficient technologies. Council assets are more resilient to a different climatic future. Council's services are responsive to the impact of the changing climate.

Indicator of achievement

Community participation in Council's sustainability programs



A total of 1,851 participants have been involved in Council sustainability programs in 2011/12. These programs include EnviroEvents, Challenge to Change, Tomorrow's Leaders, Socs and Blocks and the Garage Sale Trail. The result is below the target this year because the SOCs & Blocks program attracted an increased number of smaller apartment blocks than in 2010/11. This resulted in approximately 1,100 less participants.

Highlights

- City of Port Phillip received an award from Melbourne Water to recognise City of Port Phillip's contribution to the 10,000 Raingardens program. Special mention was given to the Fishermans Bend Downpipe Diversion Pilot Project which was run in conjunction with Melbourne Water's 10,000 Raingardens Program last year. The Downpipe Diversion Project in Fishermans Bend was an Australian first with downpipe diversions piloted at the Fishermans Bend Community Centre and at 20 private residences in Garden City.
- Council began developing flood modelling and mapping in order to gain a comprehensive and reliable understanding of how future flooding, urban heat island effects and other impacts from a changing climate will affect the municipality.
- Council undertook urban heat island canopy mapping of the municipality. This will help us to better understand both the hot and cool spots in our landscape and help us to better manage the impacts of extreme weather.
- City of Port Phillip was a finalist in the 2011 International Awards for Liveable Communities in the category of 'Community Participation and Empowerment' for Climate Conversations – Local Action Planning project.
- There are now twelve community gardens throughout the City of Port Phillip with the addition of Poets Garden in Elwood and the Mary and Basil garden. A website devoted to community gardening in the area was developed and Council supported training for garden groups to assist them to engage more effectively online and share information and resources.

STRATEGIC DIRECTION 2

TAKING ACTION ON CLIMATE CHANGE (CONT.)

SUB THEME 2.4 – WORKING TOGETHER

We will be innovative and strategic in our partnerships, and will advocate for sustainable solutions. We will work with the community and build alliances to implement effective change.

Achievement will look like

An effective advocate and influential partner in reducing the rate of and preparing for, climate change.

Indicator of achievement

Partnerships with other organisations to advocate or educate on issues regarding climate change.

Target 3

Result 7

Over the last year Council has been involved in the following partnerships:

- working closely with the Association of Bayside Municipalities to advocate for the completion of a third assessment of Port Phillip Bay
- partnering with the five Inner Melbourne Action Plan councils of a number of sustainability initiatives
- four partnerships with over ten other councils to deliver four Department of Sustainable Environment Sustainability Accord funded projects this year
- continuing work with the EcoCentre to build its capacity to engage our community on climate change.

Highlights

- Port Phillip, together with the cities of Melbourne, Stonnington and Yarra has produced a series of fact sheets on how to include sustainable design for all developments and extensions. The fact sheets were released in May 2012.
- On 31 May 2012 City of Port Phillip marked this year's World Environment Day with a fun community sports and games event. Over 150 people attended, filling the St Kilda Town Hall with an evening of laughter and sport competitiveness while learning about health and sustainability.
- Council piloted some activities to reach targeted groups including:
 - » Small Steps, Big Rewards, a free event to assist senior residents of the City of Port Phillip to live more sustainably was held on Tuesday 22 February 2012. Over 75 people attended the event which was coordinated with the Linking Neighbours program.
 - » Over 30 people attended a free community event called Baby Greens on 23 November 2011 which demonstrated the ways parents can live more sustainably and economically with their young children.
 - » Staff exchanger from Council's sister city in Obu in Japan shared his insights about how communities in Japan are embracing sustainability in response to earthquakes and tsunamis. The event, held at the EcoCentre, was a great success with over 55 people in attendance.



STRATEGIC DIRECTION 3

STRENGTHENING OUR DIVERSE AND INCLUSIVE COMMUNITY

SUB THEME 3.1 – PURSUIT OF SOCIAL EQUITY

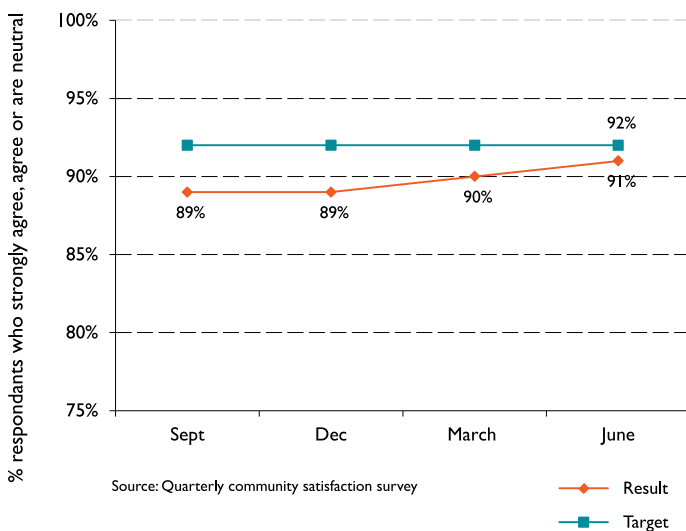
We will create a fairer city by promoting diversity, supporting community interaction, and ensuring that our services are accessible, inclusive and equitable.

Achievement will look like

Council has a reputation for facilitating and advocating a strong sense of community belonging. Council is a respected and strong advocate for human rights and social justice. Increased community interaction with, and respect and support for, disadvantaged groups.

Indicator of Achievement

The proportion of the population who believe that Port Phillip is a fair, welcoming, inclusive and supportive city for everyone



Council sees the importance of maintaining a high target for this indicator. While not met, there has been a positive trend toward people feeling like Port Phillip is a fair, welcoming, inclusive and supportive city for everyone.

Highlights

- The adoption of Planning Scheme Amendment C88 in June 2012 means gaming machines will be discouraged within 500 metres of social housing and welfare services in the City of Port Phillip.
- The adoption of the Social Justice Charter in October 2011 cements Council's commitment to working together in pursuit of the common good whilst recognising individual human rights.
- Council developed, in consultation with the community, a Disability Policy that goes beyond legislative requirements to help ensure people living with disability are supported to experience life without barriers.
- The St Kilda Linking Neighbours Seniors Register Program was launched in May 2012 at the St Kilda Town Hall with approximately 300 residents in attendance. The Linking Neighbours Seniors Register now operates across the entire municipality with 1,100 residents registered. The Linking Neighbours ethos is about 'People supporting each other and creating safe and friendly neighbourhoods', through working groups made up of local residents organising social and health related activities.
- City of Port Phillip Annual Seniors Festival and Community Ball were held during the second week of October 2011. Highlights of the event included the Mayor's Tea Dance; Festival Forum 'Can We Be Ageless'; Seniors Art Exhibition; Community Ball, and 'Life at Port Phillip' old photographs exhibition. Close to 40 Port Phillip Seniors Festival events were held in the community which Council supported through Seniors Festival grants.
- The updated Multicultural Strategic Framework was launched in December 2011. The purpose of the Framework is to improve access, remove barriers and promote awareness of cultural diversity in Port Phillip.

- The 2011/12 Community Grants received 126 applications with 68 for Community Strengthening, 7 for Social Inclusion, and 51 for Social Support requesting a total of \$533,257.92. Applications from 71 organisations received funding from a \$246,460 funding pool. The grant funding was allocated to the following target groups: Young People 17%, Children 9%, Families and Children 2%, Indigenous 8%, Low Income 21%, Multicultural over 55s 11%, Over 55's 5%, People with Disabilities 7%, Whole Community 11% and Women 9%. A further \$27,540 was funded to projects from three organisations, as part of a trial of longer term funding which commenced in 2008/09.
- City of Port Phillip hosted its Annual Diversity Day event in March 2012, which recognised and celebrated the cultural diversity of the municipality with food, entertainment and activities, and attracted approximately 300 people.
- In September 2011, Council hosted a Multicultural Women's Day event, which is an annual collaboration with local service providers and attracted 200 women from diverse cultural backgrounds, celebrating with food and performances, and acknowledging their strengths and contributions to the community.
- Council significantly progressed the construction and establishment of two new family and children's centres in St Kilda (opening January 2013) and Port Melbourne (opening late 2013).
- A breakfast and travel-to-school program was introduced for vulnerable primary school-aged children at Skinners Adventure Playground in South Melbourne having a significant positive impact on health, wellbeing and attendance rates.
- The new centrepiece fort structure was opened at St Kilda's Adventure Playground for local and visiting children aged 5-12 years old.
- Council's Education Engagement Partnership with the City of Stonnington and Swinburne University, resulted in the establishment of a local education program through Oakwood Independent School assisting students who had disengaged from mainstream education.
- An enhanced school holiday program in St Kilda/Elwood and Port Melbourne saw an increase in annual enrolments from 2,200 in 2010/11 to 3,200 in 2011/12.
- More than 1,400 children, young people and adults from culturally and linguistically diverse communities have participated in a water safety program run in partnership with Life Saving Victoria. The program aims to reduce the number of deaths and near misses due to drowning within the City of Port Phillip.
- On 25 June 2012 Council launched the City of Port Phillip Reconciliation Action Plan. The plan explores employment opportunities, builds awareness and understanding and enhances cultural and economic development for local Aborigines and Torres Strait Islanders. At the launch an audience of 200 people participated in a traditional smoking ceremony.

STRATEGIC DIRECTION 3

STRENGTHENING OUR DIVERSE AND INCLUSIVE COMMUNITY (CONT.)

SUB THEME 3.2 – CREATIVE, ACTIVE AND CULTURALLY DIVERSE LIFE

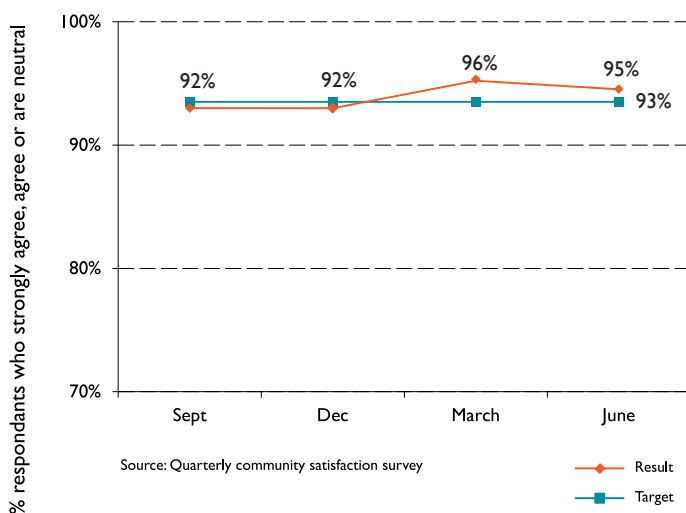
We are aware and supportive of the critical role that arts and culture play in our diverse community. We will support, promote and enhance our creative community and creative places.

Achievement will look like

The city has a flourishing arts community with high levels of participation. The city has a dynamic learning and knowledge environment. Increased participation in recreational and physical activity.

Indicators of achievement

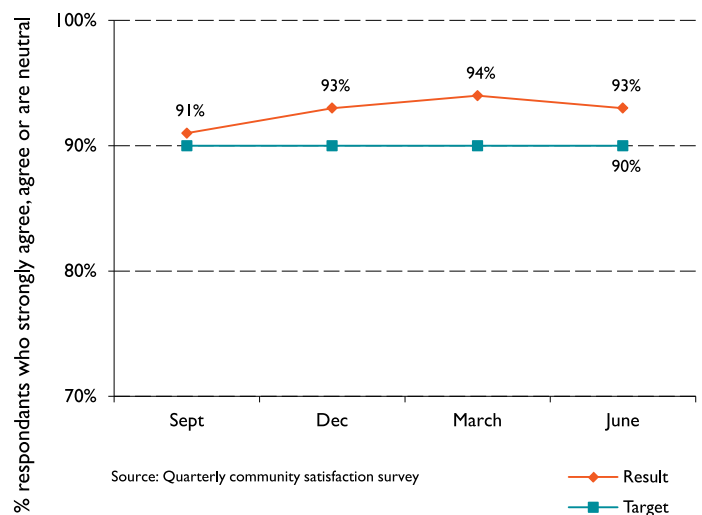
Increase in the proportion of the population who feel they have opportunities to participate in affordable local community events and activities of their choosing¹



Respondents have consistently rated Port Phillip as a place where they can participate in affordable local community events and activities.

¹ Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

The proportion of the population who agree Port Phillip has a culture of creativity, learning and physical activity



Respondents have consistently rated Port Phillip highly as having a culture of creativity, learning and physical activity.

Highlights

- The adoption of the Arts and Cultural Policy in November 2011 articulates Council's commitment to arts and culture in the municipality and outlines principles and objectives for Council's Arts and Cultural services, programs and facilities.
- The week-long St Kilda Festival, dedicated to live music and entertainment, ran from 4 - 12 of February 2012. Highlights included the Live N Local program with over 100 local performances and events, the Yalukit Willam Ngargee festival featuring a wide array of Aboriginal and Torres Strait Islander events and the main festival day which attracted approximately 280,000 people.
- The 2012 St Kilda Film Festival received over 600 short film entries, with a record four world premieres playing at the Palais Theatre opening night to a full house of over 2,800 people. The festival went on tour visiting eight Victorian towns including Charlton's historic Rex Theatre – only recently reopened after extensive damage in the Victorian floods.
- 2012 was a busy year for libraries once again, with more than 673,000 visitors to Port Phillip's five library branches (up from 656,000 in 2011). Over 48,000 new items were added to the library collection, 716,423 loans were issued, and more than 97,000 bookings for the internet were made.
- Over the 2011/12 calendar of events the library service conducted 549 public programs with over 37,000 people attending a broad mix of activities aimed at fostering community participation, inclusion and learning and recreation opportunities such as author talks, regular story-times for children and families, celebration of Chinese New Year and other events promoting cultural awareness and understanding.
- Two free Leisure and Lifestyle programs were held with the summer and winter programs attracting 312 participants across 14 recreation activities.
- Four new sporting clubs utilised our sports clubs, covering Gaelic Football, soccer, cricket and junior AFL. This allowed over 100 new participants to access Port Phillip facilities.
- Multicultural Arts Victoria (MAV), Victoria's peak body for multicultural arts, joined the growing cultural hub in Emerald Hill. MAV joins other key organisations in this vibrant precinct, including the Australian National Music Academy (ANAM), Arts Access, Auspicious Arts Incubator, Australian Tapestry Workshop and The Butterfly Club.
- 20 arts projects received funding through the Cultural Development Fund with 10 individual artists and 10 groups receiving funding totaling \$134,500. A number of Cultural Development Fund recipients also featured in the 2011 Green Room Awards for theatre.
- The Local Festivals Fund received an increase in funding of \$50,000 (more than 60%) during 2011/12 in response to the increase in new festival events as well as the established local festivals that are well-run and recurring. This year 19 local festival events were assisted.
- Three Emerald Hill Conversations were run on the topics of Creative Neighbourhoods, Sustainable Art and Design (as part of the Sustainable Living Festival) and Stories from The Hill (as part of Heritage Week). The events were run in partnership with Auspicious Arts Incubator and provided intimate opportunities for conversation, sharing of arts practice and local history.

STRATEGIC DIRECTION 4

ENHANCING LIVEABILITY

SUB THEME 4.1 – A SENSE OF PLACE

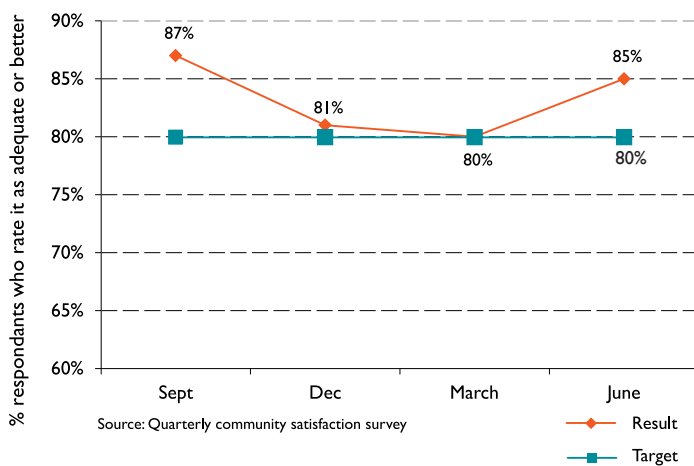
We will improve safety, convenience, and accessibility to our public places. We will encourage harmony in our neighbourhoods and the creation of beautiful places, while protecting and valuing our heritage.

Achievement will look like

A safe area to be. Distinct neighbourhoods that people are proud of, connected to, and enjoy.

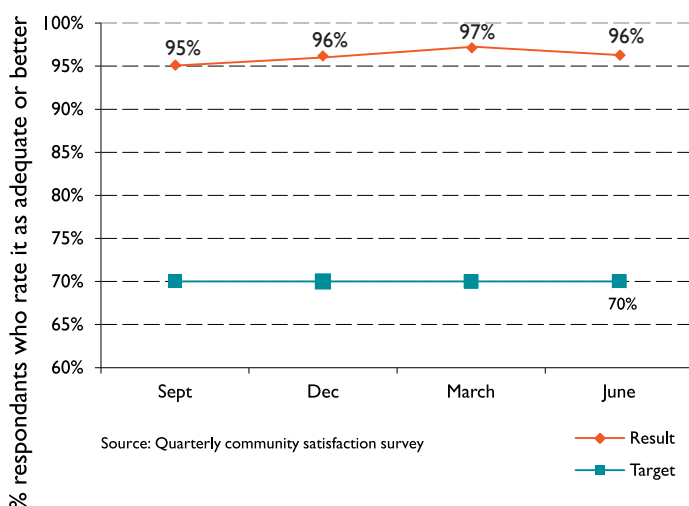
Indicators of achievement

Community perception of safety and security in the City of Port Phillip



The results across the year have continually met or been above target. The results in the summer season are traditionally lower which may be the result of increased visitor numbers in the warmer season.

Proportion of the population who agree that they feel proud of, connected to and enjoy their neighbourhoods.



The results across the year have continually tracked above the target.

Highlights

- Council worked with the major activity centres of Port Melbourne, St Kilda Village, Fitzroy Street and South Melbourne. This work supports the retail shopping precincts with marketing, promotional activities and events to ensure they remain strong, vibrant and provide convenience to the local community.
- The Emerald Hill Master Plan was adopted by Council in May 2012 to guide future improvements to the public realm around South Melbourne Town Hall, particularly to the forecourt.
- The highly valued character of the Beacon Cove residential estate has been protected through the introduction of new planning controls through Amendment C73. This includes the city's first 'Neighbourhood Character Overlays'.
- The planning scheme has been updated to implement Council's strategic vision for the Carlisle Street Major Activity Centre, as outlined in Council's Structure Plan and Urban Design Framework. This includes enhancing the retail offer, an upgraded Balaclava Station and improving the pedestrian environment.
- The adoption of the Activating Laneways Strategy in August 2011 will guide the upgrade of laneways in order to make the spaces more interesting and inviting for pedestrians, local residents and the broader community.
- 17 Guided Walks were conducted in Port Phillip, with 421 people enjoying the program of walks that explore the fascinating stories and heritage treasures of the neighbourhoods of St Kilda, Port Melbourne, Albert Park, East St Kilda, South Melbourne, Elwood, St Kilda Road and Montague.
- Heritage precincts across South Melbourne, Albert Park, Middle Park, West St Kilda and Port Melbourne (Heritage Overlays 1 and 3) have been reviewed. Enhanced planning controls will ensure decision-making for individual properties occurs in a way that protects the highly valued heritage character of these areas.
- The Monuments and Memorials program continued with the conservation and restoration of some important war memorials including the Edwin Knox Memorial in Cleve Gardens, St Kilda, a new memorial honoring Raoul Wallenburg outside the St Kilda Town Hall, and conservation work on the World War I Memorial Drinking Fountain in Port Melbourne.

SUB THEME 4.2 – SHAPING THE FUTURE OF OUR CITY

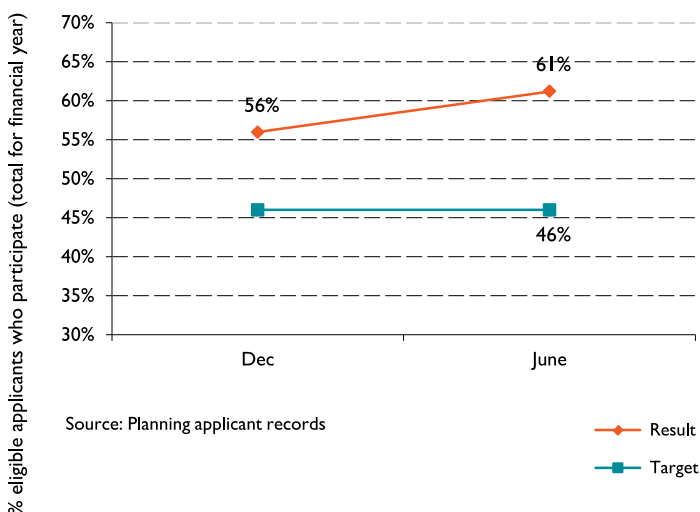
We will balance community and social planning with future developments. We will use best-practice quality urban design to ensure sustainability, to protect our open and public spaces and to create a less car-dependent city.

Achievement will look like

Planning tools and processes balance the impact of future development to maintain the sustainability of the City of Port Phillip

Indicator of achievement

Planning permit application participation in the Sustainable Design Assessment in the Planning Process (SDAPP) program with Port Phillip.



The percentage of eligible planning permit applications reached a high of 61% in the second half of the year. The target was exceeded in both reporting periods.

Highlights

- The Sustainable Transport Strategy, Walk Plan and Bike Plan were adopted in August 2011. These policies outline Council’s commitment to developing a better connected and liveable city with safe and quality walking and bike riding opportunities, as well as reducing carbon emissions within the municipality.
- The 606 bus route was extended in December 2011 to provide connections from the Fishermans Bend industrial precinct to the Elsternwick Railway Station. Additional off-peak and weekend services were also introduced.
- Council has carried out in excess of 300 proactive inspections of new developments, aimed at improving compliance rates of developments and giving the community greater confidence in the planning process.
- Council released the Port Phillip Economic Development Strategy 2012 - 2016 and implemented a range of programs in support of local businesses, including training workshops and seminars which were attended by 205 businesses, providing mentoring sessions for 100 business people and networking events attended by over 800 businesses.
- The Port Phillip Business website was redeveloped and contains news and information related to business development and events with a new online booking system. It has over 16,000 business subscribers to the website.
- Council prepared a new planning framework to guide the urban renewal of the Montague Precinct in South Melbourne from an industrial area to a mixed use precinct. The Montague Precinct has the potential to house up to 25,000 new residents and accommodate 14,000 jobs. Emphasis is on creating a highly liveable and sustainable new place, with ready access to community facilities, quality open space, and walking and cycling links.

STRATEGIC DIRECTION 4

ENHANCING LIVEABILITY (CONT.)

SUB THEME 4.3 – CARING FOR OUR NATURAL ENVIRONMENT

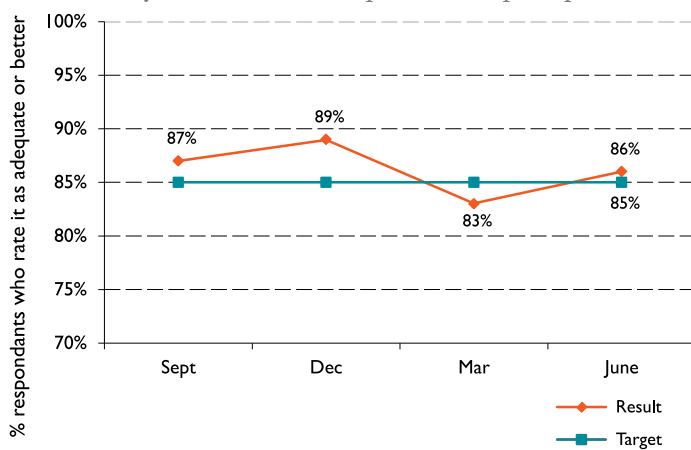
We will protect and preserve our natural environment and will continue to care for our bays, foreshores and open spaces.

Achievement will look like

*A beautiful, well maintained foreshore and network of open spaces.
Increased community action on caring for our natural environment.*

Indicators of achievement

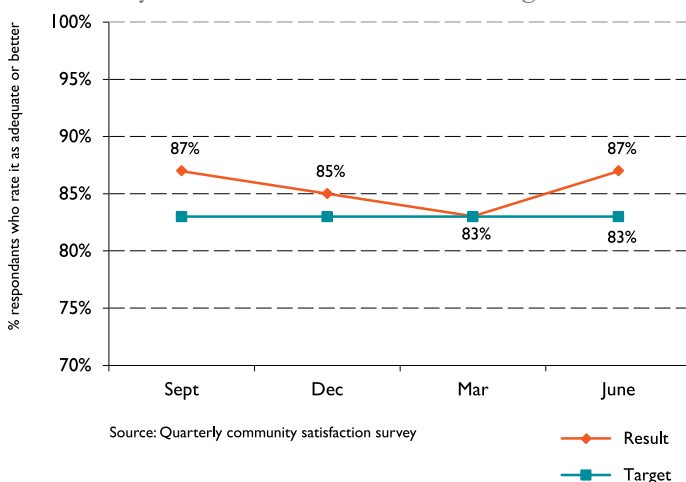
Community satisfaction with parks and open space



Source: Quarterly community satisfaction survey

Results have been consistently above average across the year. Seasonal fluctuations suggest that satisfaction tends to rise as the beaches are less heavily utilised.

Community satisfaction with beach cleaning



Source: Quarterly community satisfaction survey

Overall, results have been on or above target. There has been a slight downwards trend across the year reflecting a tendency for satisfaction to improve marginally as the number of visitors declines in the cooler months.

Community participation in opportunities to care for the natural environment

Target: 415 people **Result:** 175 people

Council supported 19 community planting days this year in partnership with local community groups. Approximately 18,000 plants were planted.

Highlights

- The City of Port Phillip enjoyed success at the 13th Annual Victorian Coastal Awards for Excellence when the Foreshore Management Plan won the 'Coastal planning and management' category. The Middle Park Beach landscape Upgrade Project was a finalist in the category of 'Coastal building and design – Community facilities'.
- The amount of cigarette butts and glass on our beaches halved following the introduction of Council's No Cuts, No Butts anti-litter campaign, which prevents smoking and glass on the sand at Port Phillip beaches.
- The redeveloped Elwood Foreshore precinct won an award at the Cement Concrete & Aggregates Australia Awards 2011 in the category of paths.
- Over 1,600 new street and park trees have been planted across the city.
- Local parks and playgrounds upgraded this year include Waterloo Reserve, St Kilda which features a new barbeque, playground, trees and furniture, Turville Reserve, Port Melbourne which features BMX tracks, trees and lighting, and the playspace at the North St Kilda Children's Centre.
- Following the approval of the Murphy Reserve Masterplan, stage one works have been implemented including reactivation of Council depot space, tree planting, walking track and relocation of the basketball field.
- Turville Reserve and the adjacent area under the Graham Street Overpass in Port Melbourne underwent significant improvements including the addition of mini basketball and mini netball courts, an upgrade to the existing BMX track, new pathways linking Bay Street shops with the light rail, and improvements to park lighting, plantings and seating.

SUB THEME 4.4 – MAJOR CITY PROJECTS

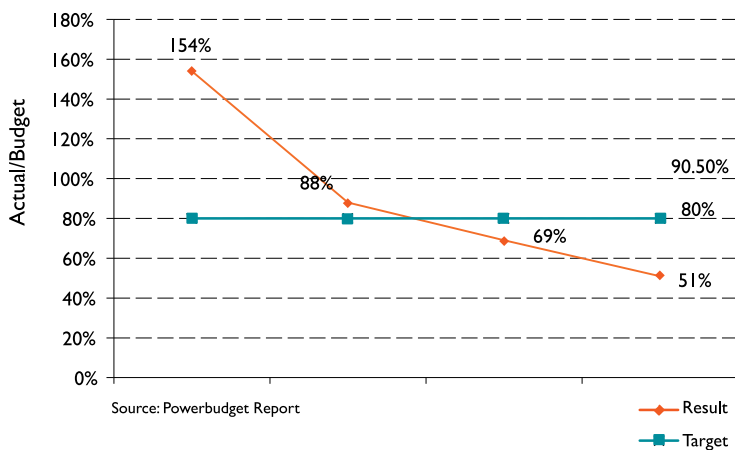
We will strive to ensure that major projects enhance liveability and balance development with community values.

Achievement will look like

Every new major project enhances liveability.

Indicator of achievement

Proportion of the capital works program that is delivered on time



The final result of this indicator has been impacted by the large proportion of expenditure linked to some major projects which are now under construction.

Highlights

- Studies on the views and vistas, the future of the Palais Theatre, a car park study and a review of the site contamination have informed the vision and guidelines for the St Kilda Triangle site. These were drawn together into a framework called St Kilda Triangle 2012 that was released for broad community consultation in June 2012.
- Council heard from 164 submitters about its draft Port Melbourne Waterfront Urban Design Framework following five weeks of consultation. As a result of the contributions from the community, Council has resolved to undertake further work on the document focused around Waterfront Place.
- The Carlisle Street Structure Plan (Amendment C80) was adopted in December 2011 and approved by the Minister in May 2012. As part of implementing this Structure Plan, Council has continued its advocacy of the State Government around the Balaclava Station and undertaken further work on the Balaclava Walk master plan and the renewal of the supermarket sites.
- The Balaclava Station concept design has been completed by Public Transport Victoria (PTV) and consultation with the community on the new station design was completed in May 2012. Construction is expected to begin in 2013. Council continues partnering with PTV regarding the detailed design and documentation of Balaclava Walk for the section of walk adjacent to the station.
- The contract for the redevelopment of Marina Reserve was awarded with works commencing July 2012.
- The Palais roof project was successfully completed and will extend the life of this importance cultural icon.
- The construction of the new St Kilda Family and Children's Centre is well underway and scheduled for completion early in 2013.
- A new state of the art family and children's centre will be built in Liardet Street, Port Melbourne. The Heritage Council approved Council to proceed with the construction of this centre, with up to 135 childcare places helping to address demand in the local area. Completion is scheduled for late 2013.
- Council plans to expand and refurbish the current Emerald Hill Library to become the Emerald Hill Library & Heritage Centre. The centre will provide: more space for library services; more books, DVDs and CDs; a new focus for local history and cultural heritage services; and better access for community groups.

COMMUNITY PULSE

CELEBRATING TEN YEARS OF COMMUNITY DATA

The Community Pulse brings together community members to collect and analyse data on what ‘really matters’, and stimulate broader community and action on local issues. The body of local data built up by the Community Pulse over the past decade has helped detect changes to the Port Phillip community and its local environment.

The Community Pulse is recognised as a pioneer in community engagement and has inspired other community indicator projects in Australia and around the world. Here is a snapshot of some of the community data collected in Port Phillip.

“We don’t know how things are going to change. Looking at some trends we are seeing now we couldn’t have predicted them ten years ago. So it’s by being there to make a record of the seemingly mundane stuff that we start to see trends and start to understand how these things interact.”

Community Pulse data collector.

SCHOOL ENROLMENTS

This indicator shows through birth notifications and booming enrolment figures that more families are choosing to stay in the City of Port Phillip. Council has responded to the increased need by conducting a study to gauge the future needs of families in Port Phillip.

Primary school enrolments in local public schools have grown by 65% across the City of Port Phillip since 1997, from 1,638 to 2,691 in 2012. In the last five years Port Melbourne Primary School enrolments have jumped by 138%. There has been a 48% increase in the number of birth notifications in Port Phillip between 2000 and 2009.

The new Albert Park Secondary College has increased available secondary school places in Port Phillip by 20% since opening in 2011. Intake of year-seven students for 2011 and 2012 has exceeded the school’s year-level capacity of 150 students. Enrolment figures for 2012 show 168 year seven students and 164 year eight students attend the school.

HOUSING AFFORDABILITY

This indicator pinpoints the challenges faced by community members who experience disadvantage in the housing market.

The cost of a median-priced house in the Port Phillip illustrates the decrease in affordability, having shown an increase of 17%,

from \$936,500 in 2009 to \$1.1 million in 2010. To purchase a median priced house in the City of Port Phillip requires a household income of \$290,354, an increase of 30% in 2010. Another way of measuring affordability is to look at the private rental market. Here, housing is deemed affordable where the rent to income ratio is less than 30%. The current basic weekly Newstart allowance for a single person is \$288, whilst the median weekly rent for a bed-sit in St Kilda is \$255 providing an 88% rent to income ratio.

As the overall housing market becomes more unaffordable, long-term members of the Port Phillip community are forced to search for lower cost housing options outside the municipality.

BUSH AND WATER BIRDS

Data on the number of bush and water bird species in Albert Park has been collected weekly since 1979. This has been adopted as a Community Pulse indicator and it provides essential information on how changes to the park affects the bush and water bird residing and breeding.

The latest report shows that the number of bush and water bird species observed in Albert Park has increased in the last year from 62 to 65 (30 bush and 35 water birds). However, the total number of bird species breeding in Albert Park has decreased from 34 in 2010 to 30 in 2011. This can be partially attributed to La Nina conditions causing changes in the timing of blooming and shedding of trees and the availability of food sources.

The longevity of data collection shows that the bird population was at its lowest in the mid 1990s with the removal of 1,000 trees (1992), draining of the lake (1992) and construction of the Albert Park raceway (1994).

EMERGENCY RELIEF IN PORT PHILLIP

The need for emergency relief in the Port Phillip community is illustrated by the number of new clients presenting to local emergency relief agencies.

Neighbourhood 'Street Life' party



Last year requests for assistance increased by 76% (Salvation Army) and 10% (Port Phillip Community Group). This represents an increase in need across the City of Port Phillip.

SOCIAL CONNECTEDNESS

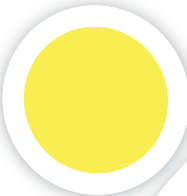
The Street Life program supports social connectedness in the City of Port Phillip by supporting neighbours to connect with each other. In 2011/12 there were 32 registered street parties registered, an increase of 78% since the Street Life program began in 2003/04.

Research shows that social connection is crucial to wellbeing and that people who are better connected are more likely to live longer, feel safer and suffer less from heart disease, diabetes and depression. The City of Port Phillip (in partnership with Port Phillip Community Group) created the Street Life program to give people the tools they need to initiate simple events in their street or neighbourhood.

Evaluation of the program shows that residents have an increased interaction in their neighbourhood since their street party. Residents have embraced the culture of friendliness by forming child-minding or 'walking school bus' groups, and organising garage sales or swap meets.



Ducks call
Port Phillip
home



The foreshore attracts
new residents to
Port Phillip





OUR PEOPLE

ORGANISATIONAL STRUCTURE

Chief Executive Officer

Kay Rundle



ORGANISATIONAL DETAILS

STAFF PROFILE

BREAKDOWN BY EMPLOYMENT STATUS

Full-time staff	504
Part-time staff	302
Casual staff	152

BREAKDOWN BY GENDER

Male staff members	329
Female staff members	629
Total staff	958

PROFESSIONAL DEVELOPMENT AND TRAINING

Professional development/information systems sessions	78 (829 attendances)
Accredited training programs offered	1 (7 participants)
Equal Employment Opportunity sessions	4 (38 participants)

WORK AND LIFE BALANCE

Study leave hours (participants)	1,037 hours (18 participants)
Wellness Programs – Yoga, etc. (participants)	20 (2,063 attendances) – some programs had multiple sessions

OCCUPATIONAL HEALTH AND SAFETY

Standard Workcover claims	5
Staff affected	5
Victorian average WorkCover premium	1.511% industry performance rate
Port Phillip's WorkCover premium	0.696% performance rate

EMPLOYEE ASSISTANCE PROGRAM

Staff using the service	37
Hours of service provided	71 hours



COMPLIANCE AND ACCOUNTABILITY

STATUTORY STATEMENTS

VICTORIAN EQUAL OPPORTUNITY ACT 1995

The City of Port Phillip is an equal opportunity employer and commits to work in accordance with statutory requirements under the Victorian Equal Opportunity Act (1995), and federal legislation as it relates to equal opportunity.

Council's equal employment opportunity policy, "Respect for Others" is a commitment that all individuals receive fair and consistent treatment in a work place that is free from harassment, discrimination and bullying. The City of Port Phillip is committed to an environment where employees aspire to have shared values with regard to integrity, fairness, honesty and trust.

OCCUPATIONAL HEALTH AND SAFETY ACT 2004

The City of Port Phillip is committed to fulfilling its moral and legal responsibilities under the Occupational Health and Safety Act 2004, to provide a safe and healthy work environment for employees, contractors and visitors. This commitment extends to ensuring that operations undertaken by Council do not place the community at undue risk of injury or illness.

Council provides induction and training for staff and contractors, conducts regular Occupational Health and Safety audits and inspections of both Council premises and contractors' works.

FREEDOM OF INFORMATION ACT 1982

Under the Freedom of Information Act 1982, the community has the right to access certain information held by Council. Council vigorously supports these basic requirements of the Act with respect to freedom of information.

Requests for access to Council documents under the Act must be in writing and should provide sufficient information to identify the particular document(s) being sought.

The Act also stipulates that an application fee must accompany each request, therefore an application fee of \$24.40 applies when processing all requests.

More information including a request form is available on Council's website www.portphillip.vic.gov.au

Principle Officer: Kay Rundle, Chief Executive Officer

DETAILS OF REQUESTS FOR 2011/12 ARE:

Total requests received	42
Total valid requests	27
Access granted in full	3
Access granted in part	15
Access denied in full	0
No documentation found	1
Requests withdrawn	0
Requests under consideration as at 30 June 2012	10
Internal reviews sought	2
Appeals lodged with VCAT	1
Total application fees collected	\$634.40
Total application fees waived	\$24.40

WHISTLEBLOWERS PROTECTION ACT 2001

Council does not tolerate improper conduct by its employees or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The Whistleblowers Protection Act 2001 came into operation on 1 January 2002. The purpose of the Act is to encourage and facilitate disclosure of improper conduct by public officers and public bodies. The Act also provides protection for those who make the disclosures and those who may suffer reprisals in relation to those disclosures.

The Act also provides for the matters disclosed to be properly investigated by the Ombudsman or the nominated investigator.

The Act applies to all public bodies and public officers, including Council staff and Councillors.

In accordance with the Whistleblowers Protection Act 2001, the following specific reporting requirements have been included in the City of Port Phillip's Annual Report:

Disclosures made to Council	one protected disclosure
Disclosures referred to Ombudsman for determination as to whether they are public interest disclosures	one
Disclosed matters referred to Council by the Ombudsman	nil
Disclosed matters referred by Council to the Ombudsman for investigation	one
Investigations of disclosed matters taken over by Ombudsman from Council	nil
Requests made under s74 to Ombudsman to investigate disclosed matters	nil
Disclosed matters that Council has declined to investigate	nil
Disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	nil
Recommendations of the Ombudsman under the Act that relate to Council	five

Council has adopted a detailed whistleblowers' protection procedures manual and specific guidelines for frontline staff. The current procedures established by Council under Part 6 of the Whistleblowers Protection Act 2001 are available on Council's website.

VICTORIAN INFORMATION PRIVACY ACT 2000

Council is committed to full compliance with its obligations under the Information Privacy Act 2000. Council's Information Privacy Policy and Guidelines are available at Council offices and on Council's website.

DOMESTIC ANIMAL MANAGEMENT PLAN

Council has in place programs, services and strategies to meet the animal control requirements of the Domestic Animal Act 1994 (the Act). The success of the programs and strategies are determined by key performance indicators (dog and cat registration rates, enforcement success rate, dog and cat rehoming rates, etc.) which generally show improvement from year to year. These indicators can be viewed online at www.portphillip.vic.gov.au

PUBLIC DOCUMENTS

The following documents are available for public inspection at the St Kilda Town Hall, located at 99A Carlisle Street, St Kilda. To inspect documents contact the Governance unit via the City of Port Phillip's ASSIST Centre on 9209 6777. In some instances, requests may need to be in writing.

LIST OF DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

- Details of current allowances fixed for the Mayor and Councillors.
- Details of senior officers' total salary packages for the current financial year and the previous year, including the gross salary, the amount of Council or employer contribution to superannuation, the value of any motor vehicle provided by Council and the total value of any other benefits and allowances provided by Council.
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council's staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel.
- Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted.
- Agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings that have been closed to members of the public under section 89 of the Local Government Act (the Act).
- A list of all special committees established by Council and the purpose for which each committee was established.
- A list of all special committees established by Council that were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act.
- A register of delegations kept under sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place.
- Submissions received in accordance with section 223 of the Act during the previous 12 months.
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease.
- A register of authorised officers appointed under section 224 of the Act.
- A list of donations and grants made by Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation and grant.
- A list of the names of the organisations of which Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by Council.
- A list of contracts valued at \$150,000 for goods and services and \$200,000 for carrying out of works which Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act.

RISK PERFORMANCE

RISK MANAGEMENT

Risk management is an essential part of the City of Port Phillip's culture. Council recognises that the effective management of risk is a fundamental component of good governance practice. The organisation is continually implementing strategies to manage its risks by maximising opportunities and minimising losses.

RISK AWARENESS

In 2011/12 Council undertook a major review of its Risk Policy, Framework and Risk Register over twelve months. A new Risk Policy and Risk Management Framework was acknowledged by the Audit Committee as a major improvement and adopted by Council in June 2012. The City of Port Phillip's policy is to:

- (1) Maximise opportunities to deliver Council's objectives within an agreed risk management framework and process.
- (2) Ensure that risks associated with City of Port Phillip activities in the community and within the organisation are managed and monitored effectively, efficiently and consistently.

The new Risk Management Framework will be implemented in the 2012/13 planning cycle. Elected Councillors and every member of the organisation, including the management team, staff and volunteers are responsible for managing risk as part of their daily planning and operational processes.

INSURANCE AND RISK REDUCTION

Council's insurance policies provide coverage for the following areas: public liability and professional indemnity, industrial specials risks, Councillors, General Managers and Officers liability, personal accident/corporate travel, community liability pack, machinery/computer breakdown and boiler explosion, contract works and third party liability and commercial crime insurance.

We are pleased to advise that this year, once again, Council has been able to maintain minimal increases to our insurance premiums and contributions despite all insurance schemes having had to deal with an increasing number of claims, a difficult investment environment and natural disasters, including a series of cyclones, floods, bushfires and hailstorms in Australia alone.

Increased risk management, along with tort reforms and other legislative changes such as the Road Management Act have continued to assist Council in maintaining its insurance costs.

NATIONAL COMPETITION COMPLIANCE

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

The City of Port Phillip Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2011 to 30 June 2012, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011) as set out below:

A. Trade Practices Compliance State whether the Council is compliant or noncompliant. If noncompliant, justify or cite actions to redress.	Council is compliant
B. Local Laws Compliance State whether the Council is compliant or noncompliant. List all local laws made or remade during 2011/12 which impose a restriction on competition.	Council is compliant
C. Competitive Neutrality Compliance State whether the Council is compliant or noncompliant for all significant businesses. List any significant businesses that are noncompliant.	Council is compliant

I certify that:

Policy reporting guidelines; and

- a) This statement has been prepared in accordance with the 2011/12 National Competition Policy reporting guidelines; and
- b) This statement presents fairly Council's implementation of the National Competition Policy.

Signed:



KAY RUNDLE

Chief Executive Officer

Date: 1 August 2012

BEST VALUE REPORT 2011/12

Council is committed to continuously improving its services and providing value for money for rate payers. This commitment ensures our compliance with the Local Government Act which details six Best Value principles.

1. Services provided by a Council must meet quality and cost standards.

Many of the service areas have either been through a tendering process or are the subject of government contracts through funding agreements which set out quality and cost standards. Council uses a number of methods across its services to ensure quality standards are developed and monitored.

2. Services provided by a Council must be responsive to the needs of its community.

Council uses a range of processes to ensure that services it provides are responsive to the needs of the intended users. This year Council introduced an online toolbox for staff to help improve their capacity to engage and understand community needs. These include community surveying and consultation activities. In some cases, service level agreements have been developed in response to the needs of the users.

3. Services provided by a Council must be accessible to those members of the community for whom the service is intended.

Service areas are continually reviewing accessibility to their services. In addition to being as accessible as possible, services are improving communication channels to ensure the wider community is aware of these services. Council also conducts accessibility audits to identify areas for improvement at Council facilities.

4. Council must achieve continuous improvement in the provision of services for its community.

This year twenty service areas in Council participated in workshops to develop service standards in line with a set of organisation-wide service principles. All contracts are subject to ongoing review which has been supported by the introduction of a contract management system.

5. Council must develop a program of regular consultation with its community in relation to the services it provides.

All services employ consultation processes in the delivery of their services. This year Council provided opportunities for community members to consult on over thirty topics. In addition, Council employs an external survey company to conduct a quarterly community satisfaction survey that provides a significant amount of information to service areas that supports the consultation processes they employ.

6. Council must report regularly to its community on its achievements in relation to the five principles above.

Council provides a Quarterly Report to the community to inform them on the operations of Council. Individual services use other mechanisms including information booklets, newsletters, community forums and various reports to government departments to report on the performance of our services.

PLANNING

Council's approach to planning continues to improve with the implementation of actions for the third year of the Council Plan 2009 - 2013. This year Council continued its practice of exceeding the minimum statutory consultation requirement when conducting a review of the Council Plan 2009 - 2013. Six community conversation tents were held in February and March 2012, giving the community an opportunity to comment on Council's strategic directions. A public information session was held in May at the St Kilda Town Hall after Council resolved to invite public submissions on the draft Council Plan 2009 - 2013 Year 4 and draft 2012/13 Budget. A total of 26 submissions were made and each submitter was invited to speak to their submissions at a Council Meeting on 12 June 2012. The submissions were considered by Council prior to the adoption of the Council Plan 2009 - 2013 Year 4 on 26 June 2012.

PERFORMANCE MEASUREMENT

Council's approach to performance measurement is based on continuous improvement. During 2011/12, Council continued to provide a comprehensive report of its performance in a Quarterly Report which includes the Council Plan Report, providing narratives and pictorial representations of progress against each strategic direction as well as reporting results for each strategic indicator; a Strategic Directions Progress Report, providing updates on the status of all actions in the Council Plan; and a quarterly Financial Report, providing an update to the community on the fiscal position of the Council. This year Council also introduced a quarterly risk report. These reports are available to the community on the City of Port Phillip website.

VICTORIAN LOCAL GOVERNMENT INDICATORS

The following table outlines the City of Port Phillip's performance against the Victorian Local Government Indicators. All local governments within Victoria are required to assess their performance against these indicators and report the results in their annual report.

In 2012, Local Government Victoria introduced significant methodology and content changes to the Community Satisfaction Survey to provide more reliable and meaningful results. These changes limit direct comparisons with previous year results.

TERM	DESCRIPTION	DEFINITIONS	2009/10 RESULT	2010/11 RESULT	2011/12 RESULT
Overall performance	Community satisfaction rating for overall performance	Council index score from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. The index score provides a weighted result.	67	67	65
Advocacy	Community satisfaction rating for Council's lobbying on behalf of community	Council index score from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. The index score provides a weighted result. <i>N.B. There were significant content changes to this indicator in 2012.</i>	64	65	58
Engagement	Community satisfaction rating for Council's engagement in community consultation and engagement	Council index score from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. The index score provides a weighted result. <i>N.B. There were significant content changes to this indicator in 2012.</i>	64	62	60
All rates	Average rates and charges per assessment	Rates and charges declared as being receivable, in the calculations for the adopted rates, at the beginning of the year, including: <ul style="list-style-type: none"> • general rates and charges declared under ss.160, 161, and 161 A of the Local Government Act 1989 • municipal charges and service rates and charges (i.e., garbage services) levied under ss.159 and 162 • supplementary rates declared, divided by the number of assessments used in the calculation of the adopted rate (i.e., that is, when the rate was struck). 	\$1257.67	\$1,309.97	\$1,390.61
Residential rates	Average residential rates and charges per assessment	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "all rates", except for residential assessments only, divided by the number of residential assessments used in the calculation of the adopted rate (i.e., that is, when the rate was struck).	\$1068.35	\$1,131.05	\$1,199.48
Infrastructure	Renewal	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which it had originally to the AAAC**, totalled for each and every infrastructure asset to give one ratio.	80%	80%	100%

TERM	DESCRIPTION	DEFINITIONS	2009/10 RESULT	2010/11 RESULT	2011/12 RESULT
Infrastructure cont.	<i>Renewal and maintenance</i>	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally, plus current spending on maintenance: <ul style="list-style-type: none"> to AAAC** plus planned maintenance (the expected level of maintenance which was used in the calculation of the useful life of the asset), divided by useful life totalled for each and every infrastructure asset to give one ratio. 	115%	123%	134%
Debts	<i>Average liabilities per assessment</i>	Total liabilities as per the Balance Sheet (previously known as the statement of financial position), less items held in trust (reflected in assets also held), divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck). <i>N.B. Items held in trust does not include employee leave entitlements such as long service leave</i>	\$444.29	\$383.14	\$578.12
Operating results	<i>Operating result per assessment</i>	Profit/Loss for the period as per the Comprehensive Income Statement (previously known as surplus deficit) for the period, per the Income Statement, also previously known as the bottom line, as per statement of financial performance), divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck). A note should be provided to this indicator explaining any major factors, including their dollar amount, which have contributed to the result. For example, capital grants, developer contributions, revaluations of non-current assets and the result would be excluding these major factors. <i>N.B. Surpluses should be shown as positive and losses as negatives.</i>	-\$65.78	\$18.23 ¹	-\$2.59
Operating costs	<i>Average operating expenditure per assessment</i>	Total expenses as per the Income Statement (previously known as the statement of financial performance), plus net gain (loss) on disposal of property, plant and equipment infrastructure, divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck) <i>N.B. Where major factors of expenditure such as devaluations or transfers of assets are excluded, Councils should provide a note explaining what has been excluded.</i>	\$2369.29	2,322.84	\$2,527.42
Capital expenditure	<i>Average capital expenditure per assessment</i>	Amount of Council's expenditure capitalised to the Balance Sheet (previously known as the statement of financial position) and contributions by a local government to major assets not owned by the local government, including expenditure on: <ul style="list-style-type: none"> capital renewal of existing assets which returns the service potential or the life of the asset to that which it had originally capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users capital upgrade which upgrades an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck). 	\$304.01	\$267.60	\$349.89

¹ Council's operating result for 2010 included the full impact of the \$5 million for the St Kilda Triangle settlement as well as an abnormally high level of capital works expenditure that was expensed hence the impact on the operating result which was an operating loss. In comparison, Council did not have any significant expenditure in 2011 which resulted in a marked improvement in the operating result and is reflected in the operating result per assessment.

* The Average Annual Asset Consumption (AAAC) is the amount of a Local Government's asset base consumed during a year based on current replacement cost (that is, cost or fair value)



FINANCIAL REPORT

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CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL PERFORMANCE

Council's 2011/12 financial results have been adversely impacted by the December 2011 actuarial investigation into the Local Authorities defined benefits superannuation fund which has identified that the City of Port Phillip's share of the unfunded liability is \$11.147 million. While payment of this obligation is not due until 1 July 2013, it relates to the past and needs to be accounted for in full in the 2011/12 financial year. As a result of this, Council's financial results reflect a full year deficit for the year of \$165,000 compared to a budgeted surplus of \$11.950 million. Council hasn't as yet made a decision on when and how it will settle this liability and it has accordingly been reflected as a non current liability in the balance sheet.

Council has continued to consolidate its solid financial foundation through a focus on cost control, effective cash flow and working capital management. This has enabled it to increase its holdings in cash deposits and bank bills from \$53 million to \$60 million while also deferring additional borrowings. Some of the key outcomes of the focus on cost control and cash flow management are:

- Continuing balance sheet strength with the Working Capital ratio which measures Council's ability to meet its short-term financial commitments increasing markedly from 2.55:1 to 3.02:1.
- A reduction of \$583,000 (0.8%) in Council's normalised underlying non labour expenditure compared to 2010/11. This reduction has been made possible through tight budgetary targets and expenditure restraint.
- A \$368,000 (12%) increase in revenue from developer contributions.
- In a softer interest rate environment, Council's interest revenue increased by \$196,000 (7%) to \$3.054 million.
- Ongoing debt reduction has resulted in the value of its outstanding interest bearing debt being reduced by \$395,000 to \$2.442 million.

Notwithstanding the above Council will need to build the impact of funding the significant superannuation call into its forward financial plan and as foreshadowed in its 2012/13 Budget, Council has also been required to make provision for a number of externally imposed cost pressures including higher tipping fees for household waste that are linked to the price on carbon and increases in the EPA levy, as well as the need to increase its focus on flood mitigation and drainage maintenance.

Council is required to report a comprehensive result, which includes other comprehensive income exclusively obtained as a result of the net asset revaluation increments. The net asset revaluation increment following the revaluation of council's land improvements or parks assets is \$5.796 million (2010/11 \$7.529 million net increment for drainage assets). This has resulted in Council reporting a comprehensive surplus of \$5.631 million (2010/11 \$8.675 million surplus).

RESULTS AT A GLANCE

Details of the following information are contained within the financial statements of the Annual Report:

- a cash surplus of \$9.125 million, \$8.958 million lower than last year and \$8.718 million higher than the budget
- an operating deficit of \$165,000, a decrease of \$1.311 million on last years result
- the operating deficit is \$12.115 million unfavourable compared to budget and this is largely due to the \$11.147 million impact of the shortfall in the defined benefits superannuation fund.
- sn asset revaluation increment of \$5.796 million has resulted in a comprehensive surplus of \$5.631 million being reported
- revenue \$161.107 million, up \$11.174 million from last year
- expenses \$161.272 million, up \$12.485 million from last year
- \$60.274 million cash and financial assets, up \$7.008 million from last year
- a \$10.739 million increase in property, plant, infrastructure and equipment
- net assets of \$1.894 billion, up \$5.631 million from last year.

CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

NET RESULT

Council has reported a deficit of \$165,000 in 2011/12 (2010/11: \$1.146 million surplus). This result is partially attributable to the inclusion of the \$11.147 million superannuation shortfall payment to Vision Super for members of the defined benefit plan, offset by significant improvements in revenue streams (refer "Income" section for further detail).

The loss is however \$12.115 million unfavourable when compared to the original budgeted profit of \$11.950 million, which is primarily due to employee benefits expenditure exceeding budget as a result of the obligation to pay the unbudgeted Vision Super Liability.

UNDERLYING RESULT

Industry assessment of long term financial viability takes into account the underlying result, ability to service borrowings, solvency and levels of capital expenditure on renewing and upgrading council assets. Council continues to perform soundly against these assessment criteria.

Council's underlying result (see Table I below) reflects a surplus of \$5.590 million (2010/11: \$724,000). This improvement is mainly attributable to the impact of above trend revenue increases in rates (\$6.227 million or 7.56% growth) and rent (\$836,000 or 12.71% growth), which is partly offset by growth in labour costs. In addition, cost containment on non-labour expenditure (reduction of 0.8%) has been a main driver in improving the underlying surplus.

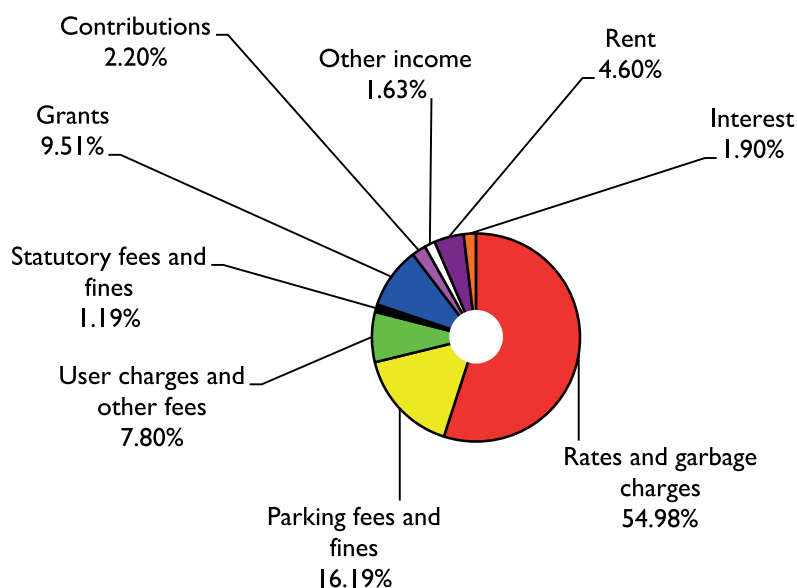
Table I – Calculation of Underlying Result	2011/12 - \$'000s	2010/11 - \$'000s
Surplus/ (Deficit)	(165)	1,146
Vision Super Defined Benefit shortfall	11,147	0
Impairment (gain)/loss	(322)	(79)
Contributed assets	(285)	(296)
Capital grants	(3,981)	(1,666)
Developer Contributions	(3,240)	(2,716)
Loss on disposal of assets	2,436	4,335
Underlying Surplus/ (Deficit)	5,590	724

Council's capital expenditure (including costs of \$4.223 million transferred to operating) of \$26.549 million is 51% of the total capital works budget of \$52.150 million. This under expenditure is mainly due to delays in completing major capital projects including St Kilda Childrens Centre, Liardet Family and Childrens Centre, Northport Oval redevelopment, South Melbourne Market Roof and Marina Reserve. Council has also provided for an increase of \$2.321 million in the net capital works roll over to \$19.514 million.

INCOME

Total revenue for the financial year was \$161.107 million, increasing \$11.174 million from 2010/11. Contributing to this increase were favourable rates and garbage charges (up \$6.227 million or 7.56%), grants (up \$2.947 million or 23.81%), contributions (up \$368,000 or 11.56%), interest on investments (up \$196,000 or 6.86%) and rent (up \$836,000 or 12.71%). See over the page for further information.

The following graph provides a breakdown of income sources for the Council in 2011/12:



Rate income

Rate income, which contributes to 54.98% of Council's income, has increased by \$6.227 million (7.56%) from \$82.354 million in 2010/11 to \$88.581 million. This is due to an effective increase of 6.50% in Council rates, an increase of 0.94% in the number of rateable assessments compared to 2010/11, and an increase in the value of supplementary rates raised of \$173,000.

Parking fees and fines

Parking fees and fines, the second largest source of income for Council contributing 16.18% of total income, remained steady during the financial year, increasing by \$29,000 (0.11%).

Grants income

Grants income, which makes up 9.51% of Council's total income, increased in 2011/12 by \$2.947 million (23.81%) due to the receipt of \$2.904 million capital grant funding from the Department of Education, for the Liardet Family and Children's Services Centre. In addition, Council received the payment of two quarterly instalments for the Victorian Grants Commission grant early.

User charges and other fees

User charges and other fees contributed 7.79% to Council's total income, and increased by \$456,000 (3.77%) due to an 8% increase in the child care fees rates contributing to \$397,000 additional income.

Rental income

Rental income, which is 4.60% of Council's total income, increased by \$836,000 or 12.71% from 2010/11 due to market rental adjustments to Council's property portfolio (\$532,000) and increased South Melbourne Market stallholder license income (\$335,000).

Contributions

Contributions make up 2.20% of Council's total income and increased by \$368,000 or 11.56% due to a significant increase in income from developer contributions in the St Kilda Road area (\$1.493 million) offset by a reduction in contributions received from Albert Park (\$840,000) and Elwood (\$379,000).

Interest income

Interest contributed 1.89% to total income and increased by \$196,000 (6.86%) due to additional funds being available for investment as a result of delays in completing capital works projects and a firmer interest rate environment in the early half of the financial year.

Other income

Other income made up 1.63% of Council's income and increased by \$148,000 or 5.96% due to the impairment gain on Council's investment in a Deutsche Bank floating rate note being \$328,000 following the 2011/12 redemption of the note, in comparison to a gain of \$79,000 in 2010/11. In addition Council wrote back income previously held in trust of \$470,000. These increases are offset by decreased income from sales of recycling products \$155,000 and insurance recovery income \$433,000.

Statutory fees and fines

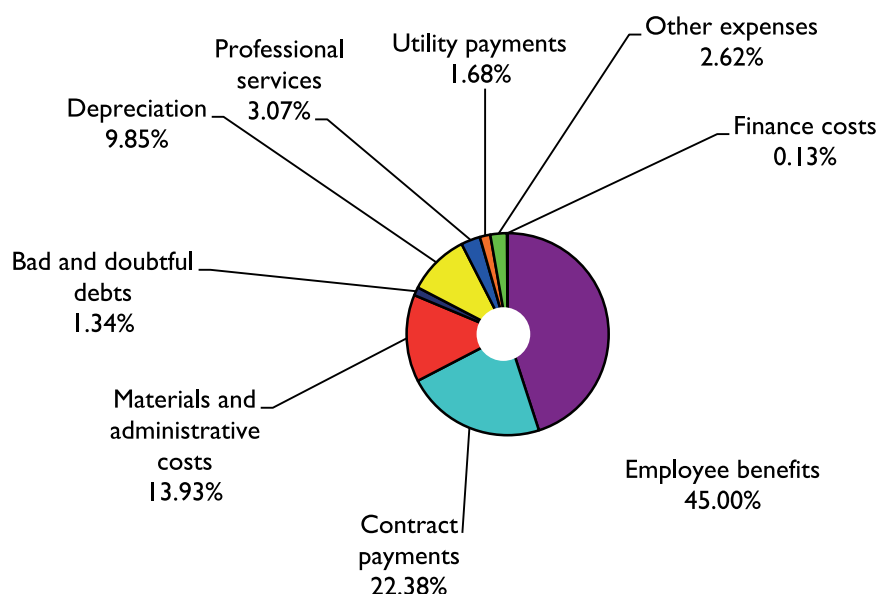
Statutory fees and fines contribute a small portion to overall income for Council (1.19%) and have remained reasonably static during the 2011/12 financial year, with a \$33,000 decrease (-1.69%).

CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

EXPENSES

Total expenses for the financial year were \$161.272 million, up \$12.485 million or 8.39% from 2010/11. Contributing to this was the impact of inclusion of the \$11.147 million superannuation shortfall obligation to Vision Super in employee benefits for members of the defined benefit plan, which Council were advised of at year end.

The following graph provides a breakdown of the different types of expenses for the Council in 2011/12:



Employee benefits

Employee expenses comprise 44.32% of total expenses and have increased by \$14.217 million (24.83%) in 2011/12 from \$57.262 million to \$71.479 million due to the following factors:

- the impact of the \$11.147 million defined benefits superannuation call being \$10.873 million for Council employees and \$274,000 for Streetsahead joint venture employees
- the 4.00% Enterprise Bargaining salary increment in July 2011
- increases in Council's long service and annual leave provisions, \$300,000 relating to a change in the discount rate percentage calculation.

Contract services

Contract services make up 22.04% of total expenses and have increased by \$1.612 million (4.75%). The main drivers for this are increases in cleaning and waste management contracts (\$1.298 million and \$591,000 respectively) as well as CPI linked increases across all contracts.

Materials and administrative costs

Materials and administrative costs contribute 13.72% to total expenses and have decreased by \$3.211 million (12.67%). This is due to a reduction in the transfer to operating expenditure of project costs that were incurred for landscaping work on Vic Roads assets and other items that do not meet the criteria of capital expenditure under Council's accounting policy from \$7.467 million in 2010/11 to \$4.223 million in 2011/12 (\$3.244 million).

Depreciation

Depreciation makes up 9.70% of total expenditure and has increased by \$154,000 (0.99%).

Professional services

Professional services are 3.02% of total expenses and have increased by \$639,000 (15.09%) due to an additional \$314,000 on consulting for the St Kilda Triangle site review, as well as increases in non-capital projects expenditure (\$866,000) in 2011/12. This is partly offset by a reduction in insurance expenditure from 2010/11 (\$256,000).

Other expenses

Other expenses make up 2.58% of all expenses and have remained steady during the financial year.

Bad and doubtful debts

Bad and doubtful debts (1.32% of total expenses) increased by \$622,000 (41.30%) in this financial year due to an increase in the provision required for parking debtor accounts which are at the PERIN Court (\$504,000), and an increase in the sundry debtors doubtful debts provision at the end of the financial year.

Utility payments

Utility payments contribute 1.66% of total expenditure and have increased by \$387,000 or 16.92% in 2011/12 due to increased electricity charges relating to public lighting costs (\$256,000), increased water charges for Councils parks and open space (\$65,000) and buildings (\$63,000).

Finance costs

Finance costs contribute 0.13% of total expenses and have remained steady this financial year.

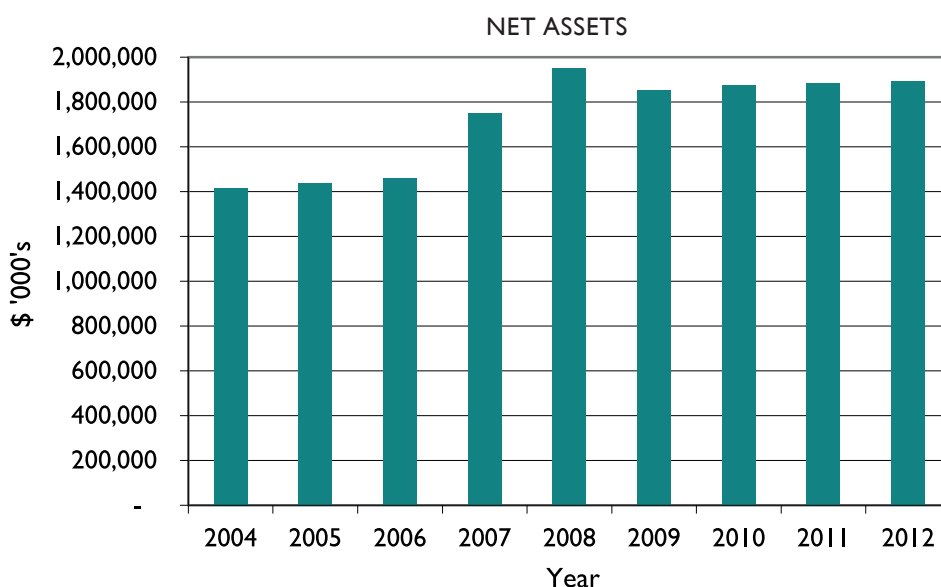
Loss on disposal of property, infrastructure, plant and equipment

The loss on disposal of property, infrastructure, plant and equipment of \$2.436 million reflects the disposal of infrastructure assets and has decreased by \$1.899 million or 43.81% in 2011/12 due to the cost of the demolition of the St Kilda Children's Centre (\$1.100 million) being included in the 2010/11 financial year, as well as a reduction in drainage disposals from 2010/11 of \$1.461 million.

FINANCIAL STRENGTH

Net assets increased by \$5.631 million (0.30%) to \$1.894 billion as a result of an increment in the value of Council's land improvements assets. Council's net assets have reflected a stepped growth pattern over the past five years, with a slight decline in 2009 following a significant write down of land assets. The main driver for movements in the value of Council's net assets is the impact of asset revaluations which take place over a rolling three year cycle.

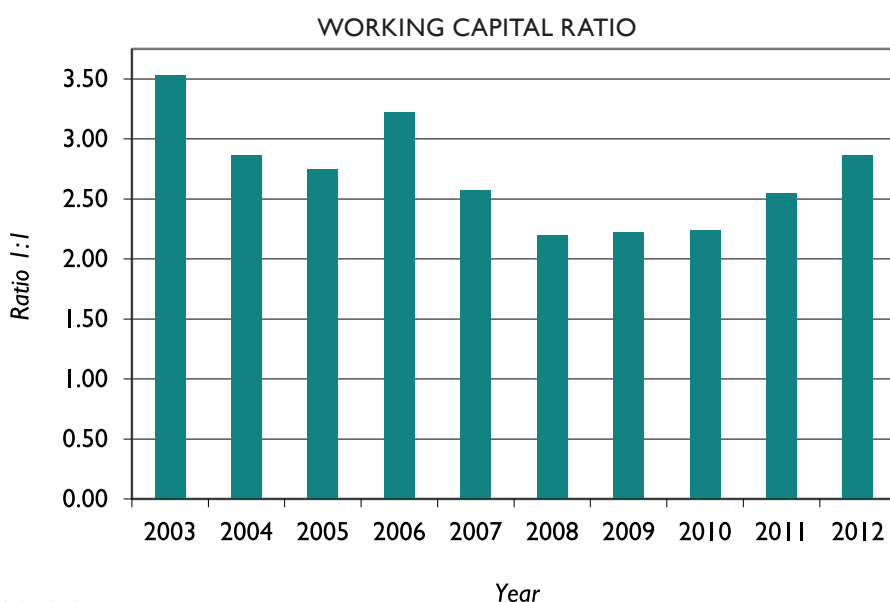
The trend of increasing net asset values is almost entirely attributable to increased asset revaluations and while cash balances have increased over this period, this has an insignificant impact when measured against the scale of the changed non-current asset valuations.



CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

The working capital ratio expresses the level of current assets that Council has to meet its current liabilities. The standard working capital ratio benchmark is a ratio of 1.5:1. The current working capital ratio of 2.86:1 indicates that the council has nearly three times more current (short-term) assets available to pay current (short term) liabilities, or \$2.86 of current assets for every \$1 of current liabilities.

The increase in the ratio from previous years ratio of 2.55:1 is due to an increase in cash balances held at the end of the 2011/12 financial year as a result of delays in expending the capital works budget.



Current assets and liabilities

Council's current assets balance of \$71.324 million is primarily made up of short term bank deposits (\$20.069 million) and longer dated bank deposits (\$40.000 million), which have increased this year by \$10.656 million (21.56%). This is due to delays in expending the capital works budget resulting in a \$2.321 million increase in the capital carry over to \$19.514 million, as well as an increase in shorter term deposits. Receivables of \$9.622 million have decreased by \$426,000 due to decreased GST receivables (\$330,000) and rates receivables (\$154,000).

The council's current liabilities balance of \$24.952 million has increased by \$1.219 million or 5.14%.

Non-current assets

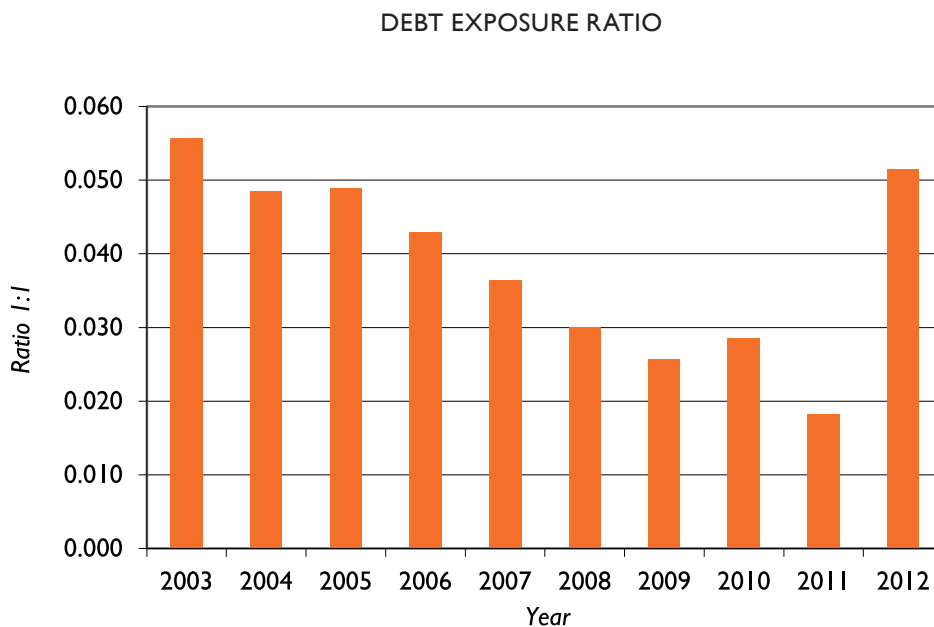
Council discloses asset values in accordance with Australian Accounting Standards. Compliance with the standards means that the carrying values of the assets are either at cost or fair value and that the recorded values are regularly assessed to ensure they are kept up to date by reference to the cost of replacing the assets. When there is a change in fair value across a class of assets and that change is material to the existing carrying value, the council revalues the entire class of assets. This process ensures the currency of the carrying values.

Council's non-current assets balance has increased to \$1.862 billion in 2011/12, up \$10.739 million or 0.58% from the 2010/11 balance of \$1.851 billion. An independent valuation of the Council's land improvement assets resulted in an increment of \$5.796 million in the asset value, in addition asset acquisitions and capitalised assets have exceeded the annual depreciation and the value of assets that were scrapped or disposed during the financial year. Council also recognised land improvement assets valued at \$6.304 million for the first time through an adjustment to prior period balances. Fair value assessments of the Council's drainage, land and buildings and roads, footpath and bridges assets were also undertaken at 30 June 2012 with no significant changes noted from the prior year.

Non-current liabilities

Council's non-current liabilities have increased by \$11.061 million or 347.94 % from \$3.179 million in 2010/11 to \$14.240 million in 2011/12. This increase is primarily related to the defined benefits superannuation liability payable in July 2013 of \$11.147 million.

The debt exposure ratio enables the assessment of Council's solvency and exposure to debt. Council's exposure to debt as a proportion of realisable assets had historically shown a sustained ongoing reduction due to a combination of its debt reduction program and increases in the value of its realisable assets however it has increased in the 2011/12 financial year due to the inclusion of the superannuation liability.



CASH

Cash has decreased by \$7.300 million in the current financial year to \$20.069 million (2010/11: \$27.369 million). This is primarily due to an increase in the value of longer term investments (deposits with maturities greater than 90 days) of \$17.956 million.

This increase has been partly offset by increased rates of \$6.600 million, the receipt of a \$2.904 million grant from the Department of Education and additional \$1.941 million net GST refund received in the 2011/12 financial year.

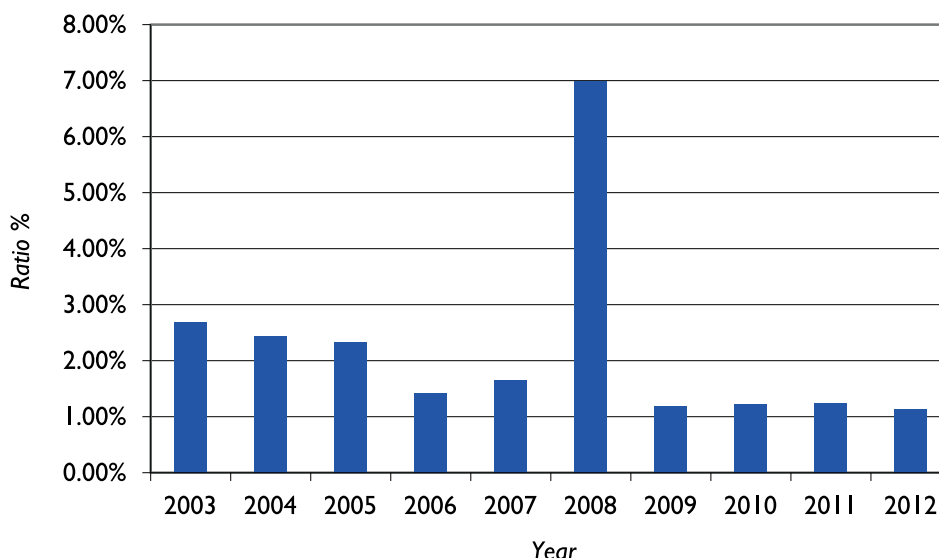
CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

KEY FINANCIAL INDICATORS

Historical changes in a number of key financial indicators have been summarised in the graphs below. A brief commentary next to each graph highlights the current performance and factors giving rise to changes in the trend of these indicators.

DEBT COMMITMENT RATIO

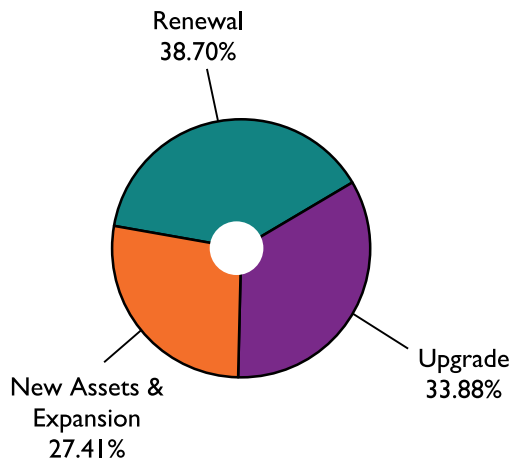
This ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. Council's debt commitment ratio, which compares its debt commitment (principal and interest) to its rate revenue, decreased significantly in 2009 due to the accelerated repayment of a loan during the 2008 financial year, which was a one-off. The ratio has now reduced to 1.14% which is consistent with the long term trend.



BREAKDOWN OF CAPITAL EXPENDITURE 2011

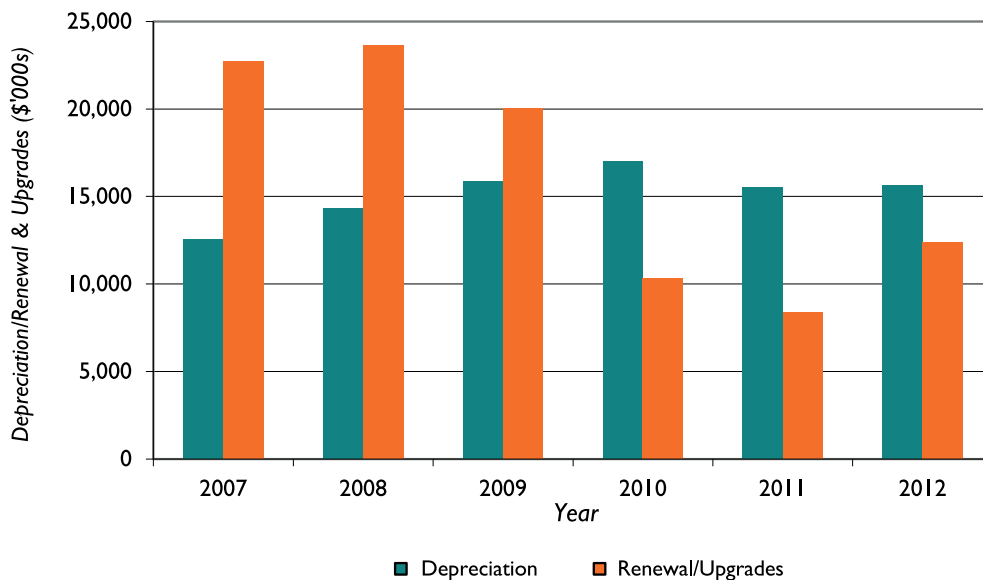
The breakdown of the Council's capital works and capital expenditure into the different categories of renewals and upgrades on existing assets, and new assets illustrates that there has been a significant amount of attention given to renewal of existing assets which now account for over half of the total capital expenditure.

This is attributable to the attention that has been placed by the council on minimising the whole of life costs of its infrastructure through an optimal renewals program.



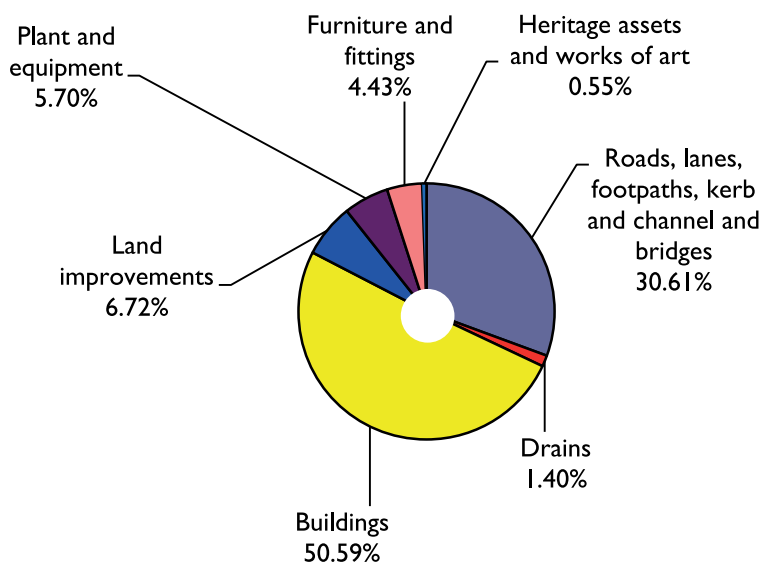
CAPITAL RENEWAL/UPGRADES VS DEPRECIATION

Council's expenditure on asset renewals and upgrades has exceeded its depreciation charge in the past indicating that it is fully funding the wear and tear on its assets. In the 2009/10, 2010/11 and 2011/12 financial years depreciation exceeded capital renewal due to the reclassification of capital expenditure to operating expenditure (\$8.797 million, \$7.467 million, and \$4.223 million respectively), and delays in progressing the capital works budget.



CAPITAL EXPENDITURE BY ASSET CLASS

The breakdown of capital expenditure by asset class indicates that Council's main focus of spending has been on the City's buildings, followed by infrastructure, (including drains), land improvements (parks), plant and equipment, and furniture and fittings.



PLAIN ENGLISH GUIDE TO THE FINANCIAL REPORT

The financial report includes a General Purpose Financial Report, Standard Statements and a Performance Statement for the Port Phillip City Council for the year ended 30 June 2012. The report highlights Council's financial performance and overall position at the close of the 2011/12 financial year (30 June 2012) and is presented in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

INTRODUCTION

The Plain English Guide has been prepared to assist the readers' understanding of the Financial Report and Standard Statements and to provide a summary of the circumstances and issues that have had a significant impact on information contained within those documents.

The council is a 'not for profit' organisation and a number of the generally recognised terms used in public company reports are not appropriate for the council.

As part of its commitment to accountability, the council has developed this Plain English Guide to assist readers with their understanding of the council's financial information. A glossary has been included to further assist readers in understanding the financial report.

WHAT IS CONTAINED IN THE ANNUAL FINANCIAL REPORTS?

The Council's Financial Report has two main sections: the Financial Statements and the accompanying notes. There are four Financial Statements and forty-three notes. The four Financial Statements are the:

- Statement of Comprehensive Income;
- Statement of Financial Position
- Statement of Changes in Equity, and
- Statement of Cash Flows.

The accompanying notes to the Financial Statements detail Council's accounting policies and the breakdown of values contained in the Statements.

The Financial Report is prepared by Council staff, reviewed by the Chief Financial Officer, reviewed by Council's Audit Committee and then presented to the Auditor-General for audit.

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income is sometimes referred to as a "Profit and Loss Statement" and presents:

- The sources of the Council's **Income** under various income headings,
- The **Expenses** incurred in running the Council during the year, and
- The **Other Comprehensive Income** which typically includes non-cash items such as revaluation adjustments.

The key figure to look at is the **surplus or (deficit)** of the Council for the year. This reflects the Council's financial performance. The **comprehensive surplus or (deficit)** is equal to the movement in Council's net assets or total equity from the prior year. A positive result (no brackets) means that the revenue for the year is greater than the year's expenses.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position or Balance Sheet is a one page summary, presenting a snapshot of the financial position of the Council as at 30 June. It shows what the Council controls as **Assets** and what it owes as **Liabilities**. The “bottom line” of this Statement is the **Net Assets**. This is the net value of the Council, which has been built up over many years.

The assets and liabilities are separated into *Current and Non-current*. Current assets are realisable or convertible to cash within the next 12 months, while current liabilities are those which the Council must pay or settle within the next 12 months.

The components of the Statement of Financial Position are described here.

Current and Non-Current Assets

- **Cash and Cash Equivalents** includes cash and investments, i.e., cash on hand, cash held in the bank, and cash investments maturing within 3 months.
- **Financial Assets** reference the value of Council’s longer-term financial investments (maturity greater than 3 months), such as bank bills, term deposits and floating rate notes, as well as the value of shares Council holds.
- **Receivables** are monies owed to the Council for rates, parking, fines, GST refunds, home support, and other services provided by the Council.
- **Other Assets** represents income due to the Council, but not yet paid or billed, and prepayments which are expenses that have been paid in advance by the Council.
- **Property, Infrastructure, Plant and Equipment** are the largest components of the Council’s worth and represent the current value of land, buildings, roads, drainage, equipment etc., which have been purchased by, or contributed to the Council over many years. It also includes those assets which the Council does not own but has significant control over, and responsibility for, such as foreshore pavilions, parks and Crown land.

Current and Non-Current Liabilities

- **Payables** are suppliers to whom the Council owes money as at 30 June.
- **Trust Funds and deposits** represent monies held in trust or deposits received and held by Council.
- **Provisions** include long service and annual leave entitlements owing to employees at the end of the financial year.
- **Interest-Bearing Liabilities** are the borrowings (including finance leases) taken out by the Council.

Net Assets

- This term is used to describe the difference between the value of **Total Assets** and the value of **Total Liabilities**. It represents the net value of the Council as at 30 June. The net value of the Council is also synonymous with **Total Equity**.

Total Equity

Total equity always equals net assets. The components of **Equity** include:

- **Accumulated Surplus** - the profit or loss results of all financial years totalled and carried forward.
- **Asset Revaluation Reserves** - the difference between the previously recorded value of assets and their current valuations.
- **General Reserves** - allocations from the **Accumulated Surplus** for specific projects.

PLAIN ENGLISH GUIDE TO THE FINANCIAL REPORT (CONT.)

STATEMENT OF CHANGES IN EQUITY

During the course of the year the value of **Total Equity**, as set out in the Balance Sheet, changes. This Statement shows the values of such changes and how these changes arose.

The main reasons for changes in equity stem from:

- The 'profit or loss' from operations, as described in the Statement of Comprehensive Income
- Transfers to and from the Council's reserves; and
- Revaluation of assets.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows summarises the Council's cash payments and cash receipts for the year. The values differ from those shown in the Statement of Comprehensive Income due to the requirement to include GST (which is not a cost to the Council as it is recovered from the ATO), and because it is prepared on a cash basis not an accrual basis. Cash in this statement refers to bank deposits and other forms of highly liquid investments maturing within three months that can readily be converted to cash.

This statement provides the reader with an indication of the Council's liquidity and its capacity to pay its debts and other liabilities. It also reflects Council's ability to fulfil its ongoing operating payment obligations, investment in community assets and ongoing financing transactions.

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

Operating Activities

- **Receipts** – All cash received into the Council's bank account from Ratepayers and others who owed money to the council. Receipts also include the interest earnings from the Council's cash investments.
- **Payments** – All cash paid by the Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.

Investing Activities

- Relates to payments for assets such as building improvements, footpaths and road renewals and other long term revenue-producing asset and the cash received from the sale of these assets. It also shows the movement in investments.

Financing Activities

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

NOTES TO THE ACCOUNTS

The notes are a very important and informative section of the report. They enable the reader to understand the basis upon which the values shown in the statements are established and are necessary to provide details of the Council's accounting policies. These are described in **Note 1**.

In addition to providing details of accounting policies, the notes also explain many of the summary figures contained in the statements. The note cross references are shown beside the relevant items in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows.

Where the Council wishes to disclose other information that cannot be incorporated into the statements, then this is shown in the notes.

Other notes include:

- The cost of the various functions of the Council;
- The break-down of expenses, revenues, reserves, and other assets;
- Transactions with persons related to the Council, and
- Financial performance indicators.

The notes should be read together with the other parts of the Financial Statements to get a clear picture of the accounts.

WHAT ARE STANDARD STATEMENTS?

The Local Government Act 1989, as amended by the Local Government (Democratic Reform) Act 2003, requires all councils to include Standard Statements in each of their three key planning and reporting documents produced each year. These documents are the Council Plan including the Strategic Resource Plan, Annual Budget, and Annual Report. A complete suite of Standard Statements has been prepared (Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and Standard Statement of Capital Works) as required by this legislation and they have been audited as part of the annual external audit process.

The objective of the Standard Statements is to provide clear linkages and comparability between the financial information contained in the three key planning and reporting documents produced each year: the Council Plan including the Strategic Resource Plan, the Annual Budget, and the Annual Report.

The figures disclosed on the Standard Statements are prepared on a basis consistent with the Council budget format and individual line items in the Standard Statements may differ to those disclosed in the Financial Statements. The statements provide a comparison between the actual results at the end of the financial year and the original budget adopted at the start of the year. Explanations for variations greater than 10% or \$200,000 and other large absolute variances have been provided in the Notes to the Standard Statements.

PERFORMANCE STATEMENT

The Performance Statement reports on performance against the Key Strategic Activities for the financial year. The Local Government Act 1989 requires identification of key activities to be pursued in support of the Strategic Objectives. The Council Plan 2009 - 2013 identified four strategic objectives. For each of these, key strategic activities and associated performance measures have been identified. The Performance Statement reports on the outcome of these measures.

STATEMENTS BY PRINCIPAL ACCOUNTING OFFICER AND COUNCILLORS

The Certification by the Principal Accounting Officer is a statement made by the person responsible for the financial management of the Council that, in his opinion, the Financial Statements have met all the statutory and professional reporting requirements.

The certification by councillors is a statement made by two councillors on behalf of the Council that, in their opinion, the Financial Statements are fair and not misleading.

AUDITOR GENERAL'S REPORT

The Independent Audit Report is the external and independent opinion on the Financial Statements. The audit opinion confirms that the Financial Statements including the Standard Statements fairly present the results in all material respects of the Council and comply with the statutory reporting requirements of the Local Government Act 1989. A separate Independent Audit report is also provided on the Performance Statement which confirms that it fairly presents in all material aspects the Council's performance against its Key Strategic Activities in accordance with the statutory requirements of the Local Government Act 1989.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 \$'000	2011 \$'000
INCOME			
Rates and garbage charges	2	88,581	82,354
Parking fees and fines	3	26,076	26,047
User charges and other fees	4	12,559	12,103
Statutory fees and fines	5	1,920	1,953
Grants	6	15,323	12,376
Contributions	7	3,552	3,184
Other income	8	2,630	2,482
Interest		3,054	2,858
Rent		7,412	6,576
TOTAL INCOME		161,107	149,933
EXPENSES			
Employee benefits	9	71,479	57,262
Contract services	10	35,542	33,930
Materials and administrative costs	11	22,125	25,336
Bad and doubtful debts	12	2,128	1,506
Depreciation	13	15,649	15,495
Professional services		4,873	4,234
Utility payments		2,674	2,287
Other expenses	14	4,164	4,174
Finance costs	15	202	228
Net loss on disposal of property, infrastructure, plant and equipment	16	2,436	4,335
TOTAL EXPENSES		161,272	148,787
SURPLUS / (DEFICIT)		(165)	1,146
OTHER COMPREHENSIVE INCOME			
Net asset revaluation increment/(decrement)	26	5,796	7,529
COMPREHENSIVE SURPLUS		5,631	8,675

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTE	2012 \$'000	2011 \$'000	2010 \$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	17	20,069	27,369	30,049
Financial assets	18	40,000	22,044	14,450
Receivables	19	9,622	10,048	9,178
Other assets	20	1,633	1,043	1,777
TOTAL CURRENT ASSETS		71,324	60,504	55,454
NON-CURRENT ASSETS				
Financial assets	18	205	3,853	5,774
Property, infrastructure, plant and equipment	21	1,861,854	1,851,115	1,848,737
TOTAL NON-CURRENT ASSETS		1,862,059	1,854,968	1,854,511
TOTAL ASSETS		1,933,383	1,915,472	1,909,965
LIABILITIES				
CURRENT LIABILITIES				
Payables	22	12,829	11,980	14,043
Trust funds and deposits	23	2,303	2,825	2,352
Provisions	24	8,903	8,076	7,529
Interest-bearing loans and borrowings	25	917	852	838
TOTAL CURRENT LIABILITIES		24,952	23,733	24,762
NON-CURRENT LIABILITIES				
Payables	22	11,147	-	1,500
Provisions	24	1,568	1,194	1,285
Interest-bearing loans and borrowings	25	1,525	1,985	2,533
TOTAL NON-CURRENT LIABILITIES		14,240	3,179	5,318
TOTAL LIABILITIES		39,192	26,912	30,080
NET ASSETS		1,894,191	1,888,560	1,879,885
EQUITY				
Accumulated surplus		566,941	568,157	568,864
Reserves	26	1,327,250	1,320,403	1,311,021
TOTAL EQUITY		1,894,191	1,888,560	1,879,885

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	TOTAL	ACCUMULATED	ASSET	OTHER
		\$'000	SURPLUS	REVALUATION	RESERVES
2012		\$'000	\$'000	RESERVES	\$'000
Balance at beginning of the financial year		1,888,560	568,157	1,293,048	27,355
Surplus / (deficit)		(165)	(165)	-	-
Net asset revaluation increment / (decrement)	26(a)	5,796	-	5,796	-
Transfers to other reserves	26(b)	-	(9,069)	-	9,069
Transfers from other reserves	26(b)	-	8,018	-	(8,018)
Balance at end of the financial year		1,894,191	566,941	1,298,844	28,406

	NOTE	TOTAL	ACCUMULATED	ASSET	OTHER
		\$'000	SURPLUS	REVALUATION	RESERVES
2011		\$'000	\$'000	RESERVES	\$'000
Balance at beginning of the financial year		1,879,885	568,864	1,285,519	25,502
Surplus / (deficit)		1,146	1,146	-	-
Net asset revaluation increment / (decrement)	26(a)	7,529	-	7,529	-
Transfers to other reserves	26(b)	-	(9,424)	-	9,424
Transfers from other reserves	26(b)	-	7,571	-	(7,571)
Balance at end of the financial year		1,888,560	568,157	1,293,048	27,355

	NOTE	TOTAL	ACCUMULATED	ASSET	OTHER
		\$'000	SURPLUS	REVALUATION	RESERVES
2010		\$'000	\$'000	RESERVES	\$'000
Balance at beginning of the financial year		1,860,208	575,737	1,261,737	22,734
Surplus / (deficit)		(4,105)	(4,105)	-	-
Net asset revaluation increment / (decrement)	26(a)	23,782	-	23,782	-
Transfers to other reserves	26(b)	-	(11,034)	-	11,034
Transfers from other reserves	26(b)	-	8,266	-	(8,266)
Balance at end of the financial year		1,879,885	568,864	1,285,519	25,502

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 2012

	NOTE	2012 INFLOWS/ (OUTFLOWS) \$'000	2011 INFLOWS/ (OUTFLOWS) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and garbage charges		88,735	82,135
Parking fees and fines		24,398	25,082
User charges and other fines (inclusive of GST)		14,508	14,668
Grants (inclusive of GST)		15,539	12,747
Contributions		3,267	2,888
Interest		2,982	2,779
Rent (inclusive of GST)		7,917	7,036
Other receipts (inclusive of GST)		2,557	2,338
Net GST Refund		6,319	4,378
Payments to suppliers (inclusive of GST)		(45,145)	(45,347)
Payments to employees		(59,467)	(58,016)
Other payments		(30,939)	(32,631)
Net cash provided by operating activities	27	30,671	18,057
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(22,326)	(14,124)
Proceeds from sale of property, infrastructure, plant and equipment		-	-
Proceeds from sale of financial assets		25,364	14,450
Payments for financial assets		(40,000)	(20,044)
Net cash (used in) investing activities		(36,962)	(19,718)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing liabilities		(807)	(793)
Finance costs		(202)	(226)
Net cash (used in) financing activities		(1,009)	(1,019)
Net increase in cash and cash equivalents		(7,300)	(2,680)
Cash and cash equivalents at the beginning of the financial year		27,369	30,049
Cash and cash equivalents at the end of the financial year	28	20,069	27,369
Financing arrangements	29		
Restrictions on cash assets	30		
Non-cash financing and investing activities	25		

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Introduction

The City of Port Phillip was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 99a Carlisle St, St Kilda.

The purpose of Council is to:

- provide for the peace, order and good government of its municipal district;
- promote the social, economic and environmental viability and sustainability of the municipal district;
- ensure that resources are used efficiently and effectively and services are provided in accordance with Best Value Principles to meet the needs of the local community;
- improve the overall quality of life of people in the local community;
- promote appropriate business and employment opportunities;
- ensure that services and facilities provided by the Council are accessible and equitable;
- ensure the equitable imposition of rates and charges; and
- ensure transparency and accountability in Council decision making.

External Auditor: Auditor-General of Victoria
Internal Auditor: Pitcher Partners
Bankers: Commonwealth Bank of Australia
Website: www.portphillip.vic.gov.au

This financial report is a general purpose financial report that consists of a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989 and the Local Government (Finance & Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) BASIS OF ACCOUNTING

This financial report has been prepared on the accrual and going concern bases.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(g), 1(l), 1(m), 1(r) and 1(s).

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

All entities controlled by Council that have material assets or liabilities have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Council has a 50% interest in the Streetsahead Cleaning Services which is a joint venture with Stonnington City Council.

Note 1 Significant accounting policies (continued)

(b) CORRECTION OF PRIOR PERIOD ERRORS

At 30 June 2012, Council identified the following error relating to prior periods.

Recognition of land improvement assets for the first time

In undertaking the revaluation of the land improvement asset class for 30 June 2012, Council identified additional park assets that had not been previously recognised in the last revaluation of the land improvement asset class as at 30 June 2009.

Council has undertaken a revaluation of these assets at 30 June 2012, being retaining walls and landscape edging, and has determined a written down value of \$6.304 million which is reflected in the Statement of Financial Position.

As noted above, these errors were made in a financial year prior to the comparative year and as a result, the Statement of Financial Position opening balances as at 1 July 2010 were restated as follows:

- Property, infrastructure, plant and equipment increased by \$6.304 million to recognise land improvement assets for the first time.
- Accumulated surplus increased by \$6.304 million.

The impact of this adjustment as at 30 June 2010, is reflected in the restated balances as detailed below:

FINANCIAL REPORT LINE ITEM / BALANCE AFFECTED	NOTE	ACTUAL 2010 \$'000	CORRECTION \$'000	CORRECTION ACTUAL 2010 \$'000
STATEMENT OF FINANCIAL POSITION EXTRACT				
NON CURRENT ASSETS				
Property, infrastructure, plant and equipment	21	1,842,433	6,304	1,848,737
Total non current assets		1,848,207	6,304	1,854,511
Total assets		1,903,661	6,304	1,909,965
Net assets		1,873,581	6,304	1,879,885
EQUITY				
Accumulated surplus		562,560	6,304	568,864
Total equity		1,873,581	6,304	1,879,885

Note 1 Significant accounting policies (continued)

(c) REVENUE RECOGNITION

Rates, grants and contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

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

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

User charges, fees and fines

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

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

Sale of property, infrastructure, plant and equipment

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

Rental

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

Interest

Interest is recognised progressively as it is earned.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 1 Significant accounting policies (continued)

(d) DEPRECIATION OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

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

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

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

Major asset lives used are listed below and are consistent with the prior year unless otherwise stated.

ASSET TYPE	PERIOD
LAND AND BUILDINGS	
Buildings	100 years
Land improvements	10 - 100 years
PLANT AND EQUIPMENT	
Communications equipment	3 years
Furniture & fittings	5 years
Information Technology	3 years
Library books	5 years
Motor vehicles	5 years
Office Equipment	5 years
Pay parking equipment	5 - 10 years
IT Software	3 years
Heritage assets	100 years
Works of Art	100 years
INFRASTRUCTURE	
Roads	
- Substructure	100 years
- Seal	
- Asphalt	30 years
- Spray	18 years
Footpaths	40 - 50 years
Kerb and channel	50 years
Drains	150 years
Bridges	
- Substructure	40 - 80 years
- Deck	20 - 80 years
Lanes (Right of Ways)	18 - 100 years

(e) REPAIRS AND MAINTENANCE

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

Note 1 Significant accounting policies (continued)

(f) BORROWING COSTS

Borrowing costs are recognised as an expense in the year in which they are incurred. Borrowing costs include interest on bank overdrafts, interest on borrowings and finance lease charges.

(g) RECOGNITION AND MEASUREMENT OF ASSETS

Acquisition

The purchase method of accounting is used for acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council and/or its contractor, cost includes all materials used in construction, direct labour and an appropriate share of directly attributable variable overheads.

The following classes of assets have been recognised in Note 21. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

ASSET CLASS	THRESHOLD LIMIT
LAND AND BUILDINGS	
Land	All
Buildings	\$5,000
Land improvements	\$5,000
Land under roads	\$5,000
PLANT AND EQUIPMENT	
Communications equipment	\$2,000
Furniture & fittings	\$2,000
Information Technology	\$2,000
Library books	All
Motor vehicles	\$2,000
Office Equipment	\$2,000
Pay parking equipment	\$2,000
IT Software	\$10,000
Heritage assets	All
Works of Art	All
INFRASTRUCTURE	
Roads	\$5,000
Substructure	\$5,000
Seal	\$5,000
- Asphalt	\$5,000
- Spray	\$5,000
Footpaths	\$5,000
Kerb and channel	\$5,000
Drains	\$5,000
Bridges	\$5,000
- Substructure	\$5,000
- Deck	\$5,000
Lanes (Right of Ways)	\$5,000

Note 1 Significant accounting policies (continued)

(g) RECOGNITION AND MEASUREMENT OF ASSETS (CONTINUED)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment (excluding heritage assets and works of art), are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction (being either market value or written down replacement cost). At balance date, the Council reviewed the carrying value of the individual classes of assets to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from its fair value at balance date the class of asset was revalued.

In addition, Council undertakes the formal revaluation of land, buildings, land improvements, works of art, heritage assets and infrastructure assets on a regular basis ranging from one to three 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 appropriate 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 prior 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. Revaluation increments and decrements within the year are offset within the same class of asset.

Land under roads

Land under roads is brought to account using the fair value basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report. From 1 July 2008, Council will recognise any material land under roads that comes into Council's control within the financial report. There is no financial impact of this change in accounting policy.

(h) CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with short periods to maturity that are readily convertible to cash on hand at Council's option and are subject to insignificant risk of changes in values, net of outstanding bank overdrafts.

(i) FINANCIAL ASSETS

Financial assets including investments such as bank bills are held to maturity and measured at cost.

Shares in Municipal Association Purchasing Scheme (MAPS), Regional Kitchen Pty Ltd and RFK Pty Ltd are available for sale and are measured at cost.

(j) COMMUNITY HOUSING AGREEMENTS

In the 2007/08 financial year Council transferred its interest in Community Housing assets that it had developed in conjunction with the Office of Housing to the Port Phillip Housing Trust. The Port Phillip Housing Association has been appointed the Trustee. This transfer was made in recognition of the fact that the Port Phillip Housing Association manages and maintains these properties and provides disadvantaged members of the Port Phillip community with access to affordable housing within the municipality. The transfer facilitates increased growth in affordable housing in the municipality and is in accordance with Council's policy objectives and outcomes identified in the Council Plan.

During the year Council had an interest in **four** properties (2010/11: 4), **two** which are Council owned (2010/11: 2), **one** part-owned with the State Government's Office of Housing (2010/11: 1) and **one** wholly owned by the Office of Housing (2010/11: 1). These assets are included as part of Land and Buildings in Note 21 and are subject to joint venture agreements with the Office of Housing. Additional information in regard to restrictions on these assets is disclosed at Note 30.

(k) TENDER DEPOSITS

Amounts received as tender deposits controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to Note 23)

Note 1 Significant accounting policies (continued)

(l) EMPLOYEE BENEFITS

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for employee benefits includes annual leave, long service leave and retirement gratuities.

The leave liabilities are calculated on the basis of employee remuneration to the extent that the leave is likely to be taken during service rather than paid out on termination.

Classification as current and non-current

Employee benefit liabilities are classified as current if Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Consequently, all annual leave, retirement gratuities and unconditional long service leave entitlements are classified as current. All conditional long service leave entitlements are classified as non-current.

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and are measured at the amount unpaid at balance date and include appropriate oncosts such as superannuation and WorkCover charges.

Annual leave

All annual leave is deemed to be current. Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid with reference to estimated settlement of the leave as at 30 June 2012 taking into account attrition rates, pay increases through promotion and certified agreements and increments. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements.

Retirement gratuities

Retirement gratuities were provided to certain employees who joined the Council prior to June 1995. The liability represents a set proportion of accumulated sick leave that is payable on termination. At balance date, the liability is deemed to be current and is measured at the present value of estimated future cash flows to be made for this entitlement.

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligation of the defined benefit superannuation scheme to which its employees are members. The liability is defined as Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. Any liability also includes applicable contributions tax.

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits scheme. Details of these arrangements are recorded in Note 31.

(m) LEASES

Operating leases

Lease payments for operating leases are recognised as an expense in the year in which they are incurred.

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter.

Note 1 Significant accounting policies (continued)

(n) ALLOCATION BETWEEN CURRENT AND NON-CURRENT

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle.

(o) WEB SITE COSTS

Costs in relation to Council's web site are expensed in the year in which they are incurred.

(p) GOODS AND SERVICES TAX (GST)

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

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

(q) ROUNDING

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

(r) ASSETS HELD FOR SALE

An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

(s) IMPAIRMENT OF ASSETS

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

(t) CONTINGENT ASSETS AND CONTINGENT LIABILITIES AND COMMITMENTS

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

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

Note 1 Significant accounting policies (continued)

(u) PENDING ACCOUNTING STANDARDS AND INTERPRETATIONS

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING OR ENDING ON	IMPACT ON LOCAL GOVERNMENT FINANCIAL STATEMENTS
AASB 9: Financial Instruments and AASB 2010–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> - Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; - Removing the tainting rules associated with held-to-maturity assets; - Simplifying the requirements for embedded derivatives; - Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; - Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and - Reclassifying financial assets where there is a change in an entity’s business model as they are initially classified based on: <ol style="list-style-type: none"> a. the objective of the entity’s business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
Amendments to Australian Accounting Standards - Financial Instruments: Disclosures, Recognition and Measurement [AASB 7, 139]	These standards detail the proposed changes to be made to the recognition, disclosure and measurement of impairment of financial instruments.	Applicable for annual reporting periods commencing on or after 1 July 2011 but before 1 July 2012.	These amendments are not expected to impact Council

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 2 Rates and garbage charges	2012 \$'000	2011 \$'000
Residential	67,335	62,633
Commercial	15,817	14,802
Industrial	3,912	3,626
Supplementary rates and rate adjustments	839	666
Garbage bin charge	225	217
Interest on rates overdue	453	410
	88,581	82,354

Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.

The valuation base used to calculate general rates for 2011/12 was \$2.287 billion (2010/11 was \$2.266 billion). The 2011/12 rate in the NAV dollar was 3.8445 cents (2010/11: 3.6099 cents).

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

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

Note 3 Parking fees and fines

Parking fines and other charges	12,837	13,665
Parking fees - ticket machines	11,977	11,202
Parking permits	1,262	1,180
	26,076	26,047

Note 4 User charges and other fees

Aged services	719	897
Animal management services	412	357
Arts and festivals	124	81
Building services	219	266
Child care, childrens' services and programs	6,182	5,785
Derelict vehicles	354	399
Fines and cost recoveries	204	114
Market fees	650	561
Planning fees	2,718	2,692
Re-instatement works	59	42
Services fees and charges	611	564
Waste management	302	262
Other fees and charges	(54)	(216)
Parking administration fees	59	299
	12,559	12,103

Note 5 Statutory fees and fines

Crane permit fees	277	196
Health and food act fees	635	632
Kerbside permits	888	981
Land information certificates	120	144
	1,920	1,953

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 6 Grants	2012 \$'000	2011 \$'000
<i>Grants were received in respect of the following:</i>		
SUMMARY OF GRANTS		
Federally funded grants		
Recurrent	921	1,251
Non recurrent	1	1
	922	1,252
State funded grants		
Recurrent	14,278	11,074
Non recurrent	123	50
	14,401	11,124
	15,323	12,376
RECURRENT		
Federally funded		
Respite & Home Support	3	5
Emergency Services	7	21
Family Planning	42	36
Home Care - Elderly	7	8
Child Care	247	287
Adventure Playground and Leisure	268	126
Vacation Care	35	13
Immunisation	18	18
Family Support	-	113
Arts	71	64
Roads to Recovery	223	18
Capital Grants	-	542
	921	1,251
State Funded		
Respite & Home Support	368	357
Emergency Services	-	29
Maintenance services	245	229
Social Inclusion	259	272
Home Care - Elderly	1,674	1,615
Meals Services	746	752
Social Support	353	327
Maternal and child health	542	520
Child Care	453	346
Adventure Playground and Leisure	24	36
Vacation Care	115	72
Drug Prevention	-	35
Immunisation	46	33
Family support	345	340
Arts	217	286
Environmental	300	-
Inner South East Partnerships in Community and Health	306	295
Street and Beach Cleaning	417	295
VicRoads	-	251
School Crossing	83	98
Capital Grants	3,981	1,666
Victorian Grants Commission	2,943	2,275
Sport and Recreation	148	199
Tobacco Activity	14	14
Community Development	46	73
Community Transport	97	103
Library Subsidy	556	556
	14,278	11,074
TOTAL RECURRENT GRANTS	15,199	12,325

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 6 Grants (continued)	2012 \$'000	2011 \$'000
NON-RECURRENT		
Federally funded		
Albert Park Baptist Church	1	1
	1	1
State Funded		
Balaclava Walk Development	-	30
South East Water Irrigation Rebate	-	20
Inclusion Melbourne funding	16	-
Community Kitchen	14	-
Snap Shot Photography	7	-
City Switch Regional Program	84	-
Linking Neighbours Victoria Police Community Register	2	-
	123	50
TOTAL NON - RECURRENT GRANTS	124	51
TOTAL GRANTS	15,323	12,376

SUMMARY OF THE NATURE OF GRANTS RECEIVED

Conditions on Grants:

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

Cultural and recreational services	-	657
Environment and water conservation program	352	25
Community health	11	59
Community care	56	15
Child care services	-	12
Drugs strategy	-	30
Community facilities	-	14
Capital grants	334	1,406
Social inclusion	16	-
Aged care and social support	56	38
Community development programs	-	12
	825	2,268

Conditions on Grants

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

Capital grants	1,406	97
Cultural and recreational services	685	211
Aged care and social support	-	14
Child care services	152	41
Water conservation program	-	4
Community care	44	14
Community facilities	37	63
Community health	19	10
Sustainable transport	13	-
Place management	-	54
Urban and strategic planning	1	-
	2,357	508
Net increase/(decrease) in restricted assets resulting from grant revenues for the year	(1,532)	1,760

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 7 Contributions	2012 \$'000	2011 \$'000
CASH		
Capital works contributions	27	172
Developer contributions	3,240	2,716
NON-MONETARY		
Vic Roads infrastructure assets transferred to Council	-	296
Infrastructure and artworks assets transferred or donated to Council	285	-
	3,552	3,184

C13 DEVELOPER CONTRIBUTIONS SCHEME:

In 1998 the C13 Developer Contribution Scheme was signed off by Council to facilitate streetscape works to the value of \$8.082 million for works in Port Melbourne over a 20 year period commencing in the year 2000 to 2020.

These estimates were indexed by CPI and the value of works to be completed at 1 July 2009 was determined to total \$11.387 million.

At 30 June 2012, after further CPI adjustments and completion of works over the life of the scheme, works to the value of \$3.442 million are outstanding.

Value of works outstanding at 1 July	3,655	4,111
Works completed 2011/12	(254)	(583)
	3,401	3,528
CPI adjustment (1.2% for 2011/12)	41	127
VALUE OF WORKS OUTSTANDING AT 30 JUNE	3,442	3,655

Note 8 Other income

Donations	217	216
Sales - festivals and community activities	499	653
Insurance recovery	112	321
Sale of derelict vehicles	89	38
Property and valuations income	118	444
Sale of right of ways	154	175
Trust income written back	470	-
Other Income	643	556
Impairment gain *	328	79
	2,630	2,482

** In 2008/09, Council recognised an impairment charge of \$1.737 million on one of the investments it holds, being a floating rate note for \$3 million with Deutsche Bank which had a maturity date of 23 November 2012. Updated valuations were obtained on this floating rate note at 30 June 2010, and 30 June 2011, which enabled Council to increase the valuation of this investment to \$2.648 million. This note has now been redeemed in the 2011/12 financial year for \$2,975,800. This has resulted in an impairment gain of \$327,800.*

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 9 Employee benefits	2012 \$'000	2011 \$'000
Wages and salaries	45,783	42,234
Agency and casual staff	2,991	2,700
Annual leave and long service leave	5,782	4,885
Superannuation	4,428	3,954
Superannuation- additional call City of Port Phillip*	10,873	2,041
Superannuation- additional call Streetsahead 50% share*	274	-
Fringe benefits tax and WorkCover	1,126	1,148
Redundancy costs	222	300
	71,479	57,262

* In 2010/11 financial year, Council was required to make an additional contribution of \$2.041 million to Vision Super to meet obligations in relation to members of the defined benefit plan. In 2011/12 a further contribution call was made post year end of \$10.873 million, relating to a present obligation determined as at 31 December 2011. Council are also obligated to make an additional contribution of \$273,826 for the members of the defined benefit plan in relation to the 50% share of the Streetsahead Joint Venture with Stonnington Council. This liability will be paid by 1st July 2013 (Note 22 Payables).

Note 10 Contract services

Cleaning	6,620	5,322
Health, child care centres, kindergartens and schools	403	471
Festivals and programs	1,844	1,841
Food production	683	713
Information systems	309	439
Maintenance and construction	3,947	5,177
Parking administration and management	2,525	2,385
Parks, gardens and reserves	6,320	5,232
Perin lodgement fees	1,238	1,292
Recycling and waste management	6,321	5,730
Community service agreements	1,073	1,025
Security services	1,398	1,268
Valuations	581	597
Relocation and recruitment	246	344
Search fees	236	241
Corporate functions support	85	89
Insurance	40	51
Publications	313	302
Derelect vehicles	36	65
Social and community services	80	56
Holiday program	36	68
Environmental and outdoor design	153	273
Graffiti removal	157	238
Other	898	711
	35,542	33,930

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 11 Materials and administrative costs	2012 \$'000	2011 \$'000
Advertising	1,023	1,111
Contributions - other	3,025	2,672
Insurance	1,168	1,714
Metropolitan Fire Brigade levy	2,296	2,236
Operating leases	3,488	3,578
Printing and stationery	1,084	794
Telephone charges	1,267	1,369
Training	985	949
Maintenance	5,766	9,305
Materials	2,023	1,608
	22,125	25,336

Note 12 Bad and doubtful debts

Parking fine debtors	(12)	26
Parking debtors - Infringements Court	2,034	1,530
Other debtors	106	(50)
	2,128	1,506

Note 13 Depreciation

Buildings	3,618	3,515
Heritage and works of art	114	113
Plant and equipment	1,136	1,079
Furniture and fittings	1,824	2,090
Roads, footpaths and bridges	5,818	5,712
Land improvements	2,405	2,350
Drainage	734	636
	15,649	15,495

Note 14 Other expenses

Activities / programs	1,010	1,236
Bank charges	444	409
Catering charges	574	598
General transport	359	334
Postage	307	306
Waste rebates	86	89
Software costs	191	190
Subscriptions	239	230
Travel	28	53
Rent	279	192
Cab charges	39	39
Licence fees and permits	29	81
Periodicals and journals	55	58
Other	524	359
	4,164	4,174

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 15 Finance costs	2012 \$'000	2011 \$'000
Interest	97	96
Interest – Joint Venture	105	132
	202	228
<hr/>		
Note 16 Disposal of property, infrastructure, plant and equipment		
<hr/>		
LAND		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	-
(Loss) on disposal of land	-	-
<hr/>		
LAND IMPROVEMENTS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(280)	(237)
(Loss) on disposal of land improvements	(280)	(237)
<hr/>		
BUILDINGS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(158)	(1,227)
(Loss) on disposal of buildings	(158)	(1,227)
<hr/>		
ROADS, FOOTPATHS AND BRIDGES		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,802)	(1,207)
(Loss) on disposal of roads, footpaths and bridges	(1,802)	(1,207)
<hr/>		
DRAINAGE		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(190)	(1,651)
(Loss) on disposal of drains	(190)	(1,651)
<hr/>		
PLANT AND EQUIPMENT		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	-
(Loss) on disposal of plant and equipment	-	-
<hr/>		
FURNITURE AND FITTINGS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(6)	(13)
Profit/(Loss) on disposal of furniture and fittings	(6)	(13)
<hr/>		
HERITAGE ASSETS AND WORKS OF ART		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	-
Profit/(Loss) on disposal of heritage assets and works of art	-	-
<hr/>		
SUMMARY		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(2,436)	(4,335)
(LOSS) ON DISPOSAL OF ASSETS	(2,436)	(4,335)

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
Note 17 Cash and cash equivalents		
Cash on hand	45	38
Cash at bank	9,259	8,331
	9,304	8,369
Cash equivalents - Bank Bills with maturity less than 3 months	10,765	19,000
	20,069	27,369
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Long service leave obligations as prescribed by the Local Government Act (Note 24)	-	5,884
- Statutory reserve balances (Note 26)	8,915	8,635
- Trust funds (Note 23)	2,303	2,825
Restricted Funds	11,218	17,344
TOTAL UNRESTRICTED CASH AND CASH EQUIVALENTS	8,851	10,025

Note 18 Financial assets

CURRENT		
Bank bills - maturity greater than 3 months	40,000	22,044
	40,000	22,044
NON-CURRENT		
Bank bills - maturity greater than 12 months	-	3,648
Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	200	200
	205	3,853
	40,205	25,897

Note 19 Receivables

Rates debtors	1,622	1,776
Parking infringement debtors	14,557	14,345
Provision for doubtful debts - parking infringements	(10,433)	(10,179)
Other debtors	3,143	2,972
Provision for doubtful debts - other debtors	(284)	(213)
Net GST receivable	1,017	1,347
	9,622	10,048

Note 20 Other assets

PREPAYMENTS		
Insurance	510	45
Computer maintenance	200	-
Annual subscriptions and memberships	20	61
	730	106
ACCRUED INCOME		
	903	937
	1,633	1,043

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

	2012 \$'000	2011 \$'000	2010 \$'000
Note 21 Property, infrastructure, plant and equipment			
SUMMARY			
at cost	61,412	49,617	39,297
at fair value as at 30 June 2008	-	-	90,815
at fair value as at 30 June 2009	-	47,188	47,783
at fair value as at 30 June 2010	1,963,476	1,968,297	1,972,923
at fair value as at 30 June 2011	98,729	99,014	-
at fair value as at 30 June 2012	57,937	-	-
Less accumulated depreciation	(319,700)	(313,001)	(302,081)
	1,861,854	1,851,115	1,848,737
LAND AND BUILDINGS			
<i>Land</i>			
at cost	700	700	-
at fair value as at 30 June 2010 1	384,905	384,905	384,905
controlled land at fair value as at 30 June 2010 1	1,008,902	1,008,902	1,008,902
TOTAL	1,394,507	1,394,507	1,393,807
<i>Land improvements</i>			
at cost		6,337	3,661
at fair value as at 30 June 2009 3	-	47,188	47,783
at fair value as at 30 June 2012 3	57,937	-	-
Less: accumulated depreciation	(14,431)	(17,176)	(15,184)
TOTAL	43,506	36,349	36,260
<i>Buildings</i>			
at cost	6,412	2,043	-
at fair value as at 30 June 2010 2	143,499	144,715	146,698
controlled buildings at fair value as at 30 June 2010 2	108,957	108,957	108,957
Less: accumulated depreciation	(130,949)	(128,389)	(125,629)
TOTAL	127,919	127,326	130,026
PLANT AND EQUIPMENT			
<i>Plant and equipment</i>			
at cost	10,843	9,864	8,465
Less: accumulated depreciation	(6,285)	(5,442)	(4,965)
TOTAL	4,558	4,422	3,500
<i>Furniture and fittings</i>			
at cost	12,132	11,282	11,184
Less: accumulated depreciation	(8,625)	(7,350)	(6,325)
TOTAL	3,507	3,932	4,859
<i>Heritage assets and works of art</i>			
at cost	163	21	-
at fair value as at 30 June 2010 4	11,328	11,328	11,328
Less: accumulated depreciation	(226)	(113)	-
TOTAL	11,265	11,236	11,328

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 21 Property, infrastructure, plant and equipment (continued)	2012 \$'000	2011 \$'000	2010 \$'000
INFRASTRUCTURE			
<i>Roads, lanes, footpaths, kerb and channel, bridges and street furniture</i>			
at cost	14,539	6,760	-
at fair value as at 30 June 2010 5	305,885	309,490	312,133
Less: accumulated depreciation	(122,976)	(118,961)	(114,685)
TOTAL	197,448	197,289	197,448
<i>Drains</i>			
at cost	1,390	-	2,107
at fair value as at 30 June 2008 6	-	-	90,815
at fair value as at 30 June 2011 6	98,729	99,014	-
Less: accumulated depreciation	(36,208)	(35,570)	(35,293)
TOTAL	63,911	63,444	57,629
WORK IN PROGRESS - AT COST	15,233	12,610	13,880
TOTAL PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT	1,861,854	1,851,115	1,848,737

ASSET VALUATION INFORMATION

LAND AND BUILDINGS

Valuation of land and buildings were undertaken by a qualified independent valuer. The valuation of buildings is at replacement cost less accumulated depreciation. The valuation of land is market value based on highest and best use permitted by relevant land planning provisions. All freehold land reserved for public open space is valued using a discount rate of 30% to arrive at a market value.

1 Land valuations

Land revaluations as at 30 June 2010 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer. An assessment during 2011/12 of the value of all land assets has indicated that there is no material change required to be made to their carrying value.

2 Building valuations

Building revaluations as at 30 June 2010 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer. An assessment during 2011/12 of the value of all building assets has indicated that there is no material change required to be made to their carrying value.

3 Land improvements valuations

Land improvement revaluations as at 30 June 2012 were performed by Mr J Hicks BE (Civil).

PLANT AND EQUIPMENT

Plant and equipment and Furniture and fittings are measured at cost less accumulated depreciation.

Valuation of heritage assets and works of art were undertaken by qualified independent valuers. The valuation is market value based on current market prices for similar types of assets based on use, type and condition.

4 Heritage and works of art valuations

"Heritage and works of art valuations as at 30 June 2010 were performed by the following independent valuers:

- Blashki & Sons - mayoral robes, chains and other attire;
- Australian Art Valuers - contemporary, visual, historical and public art;
- John Sainsbury - heritage photographs; and
- Leonard Joel - historical items, artworks, monuments and memorials"

INFRASTRUCTURE

The valuation of roads, footpaths and bridges is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The valuation of drains is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

5 Road, lanes, footpaths, kerb and channel, bridges and street furniture

Roads, lanes, footpaths, kerb and channel, bridges and street furniture were valued as at 30 June 2010 by Mr D Elson BE (Civil). An assessment during 2011/12 of the value of all roads, lanes, footpaths, kerb and channel, bridges and street furniture assets has indicated that there is no material change required to be made to their carrying value.

6 Drains valuations

Drains were valued as at 30 June 2011 by Mr J Hicks BE (Civil). An assessment during 2011/12 of the value drains has indicated that there is no material change required to be made to their carrying value.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 21 Property, infrastructure, plant and equipment reconciliation (continued)

2012 RECONCILIATION

	Roads Lanes Footpaths Kerb & Channel Bridges Street Furniture	Drains	Land	Buildings	Land Improv'm't	Plant and Equipment	Furniture and Fittings	Heritage Assets and Works of Art	Works in Progress	TOTAL Non Current Assets
WDV at beginning of financial year	197,289	63,445	1,394,507	127,327	36,349	4,422	3,930	11,236	12,610	1,851,115
Acquisition of assets	7,779	1,388	-	4,368	3,784	1,272	990	122	-	19,703
Contributed assets (Note 7)	-	2	-	-	262	-	-	21	-	285
Council share of Joint Venture assets (Note 38)	-	-	-	-	-	-	417	-	-	417
Depreciation (Note 13)	(5,818)	(734)	-	(3,618)	(2,405)	(1,136)	(1,824)	(114)	-	(15,649)
Revaluation increment / (decrement) (Note 26)	-	-	-	-	5,796	-	-	-	-	5,796
WDV of disposals (Note 16)	(1,802)	(190)	-	(158)	(280)	-	(6)	-	-	(2,436)
Transfer of assets	-	-	-	-	-	-	-	-	-	-
Movement in Work in Progress	-	-	-	-	-	-	-	-	2,623	2,623
WDV at end of financial year	197,448	63,911	1,394,507	127,919	43,506	4,558	3,507	11,265	15,233	1,861,854

2011 RECONCILIATION

	Roads Lanes Footpaths Kerb & Channel Bridges Street Furniture	Drains	Land	Buildings	Land Improv'm't	Plant and Equipment	Furniture and Fittings	Heritage Assets and Works of Art	Works in Progress	TOTAL Non Current Assets
WDV at beginning of financial year	197,448	57,629	1,393,807	130,026	36,260	3,500	4,859	11,328	13,880	1,848,737
Acquisition of assets	6,464	574	700	2,043	2,676	2,001	857	21	-	15,336
Contributed assets (Note 7)	296	-	-	-	-	-	-	-	-	296
Council share of Joint Venture assets (Note 38)	-	-	-	-	-	-	317	-	-	317
Depreciation (Note 13)	(5,712)	(636)	-	(3,515)	(2,350)	(1,079)	(2,090)	(113)	-	(15,495)
Revaluation increment / (decrement) (Note 26)	-	7,529	-	-	-	-	-	-	-	7,529
WDV of disposals (Note 16)	(1,207)	(1,651)	-	(1,227)	(237)	-	(13)	-	-	(4,335)
Transfer of assets	-	-	-	-	-	-	-	-	-	-
Movement in Work in Progress	-	-	-	-	-	-	-	-	(1,270)	(1,270)
WDV at end of financial year	197,289	63,445	1,394,507	127,327	36,349	4,422	3,930	11,236	12,610	1,851,115

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 21 Property, infrastructure, plant and equipment reconciliation (continued)

2010 RECONCILIATION

	Roads Lanes Footpaths Kerb & Channel Bridges Street Furniture	Drains	Land	Buildings	Land Improv'm't	Plant and Equipment	Furniture and Fittings	Heritage Assets and Works of Art	Works in Progress	TOTAL Non Current Assets
WDV at beginning of financial year	205,413	56,988	1,332,621	154,501	35,220	3,505	5,104	9,158	30,482	1,832,992
Acquisition of assets	9,256	1,417	-	12,488	3,660	1,015	1,559	40	-	29,435
Contributed assets (Note 7)	-	-	-	-	-	-	-	-	-	-
Council share of Joint Venture assets (Note 38)	-	-	-	-	-	-	297	-	-	297
Depreciation (Note 13)	(7,126)	(644)	-	(3,767)	(2,300)	(975)	(2,080)	(94)	-	(16,986)
Revaluation increment / (decrement) (Note 26)	(7,196)	-	61,186	(32,435)	-	-	-	2,227	-	23,782
WDV of disposals (Note 16)	(2,899)	(132)	-	(761)	(250)	(45)	(21)	(3)	-	(4,111)
Transfer of assets	-	-	-	-	(70)	-	-	-	-	(70)
Movement in Work in Progress	-	-	-	-	-	-	-	-	(16,602)	(16,602)
WDV at end of financial year	197,448	57,629	1,393,807	130,026	36,260	3,500	4,859	11,328	13,880	1,848,737

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 22 Payables	2012 \$'000	2011 \$'000
CURRENT		
Trade creditors	9,480	5,997
Accrued expenses	1,913	3,058
St Kilda Triangle settlement*	-	1,500
Other	1,436	1,425
	12,829	11,980
NON-CURRENT		
Vision Super Defined Benefit Shortfall- Port Phillip**	10,873	-
Vision Super Defined Benefit Shortfall- 50% share of Streetsahead JV**	274	-
	11,147	-
	23,976	11,980

* In 2009/10 Council and BBC Triangle Investment's development agreement for the St Kilda Triangle site was terminated and a deed of release and settlement was entered between the parties on the 23 March 2010. Council agreed to pay a settlement sum of \$5,000,000 to the developer in accordance with the terms of the deed as follows: \$1,500,000 was paid within 10 days of the date of the deed; \$2,000,000 was paid by 31 July 2010 and \$1,500,000 was paid on the 21 July 2011.

** In August 2012 Council were notified of their obligation to make an additional contribution of \$10.873 million to Vision Super in relation to members of the defined benefit plan. This value relates to a present obligation determined as at 31 December 2011 and the value is based on Council settling this by the due date of 1 July 2013. At this stage Council has not determined when it will settle this liability, noting it has up to 15 years to repay it at a fixed interest rate of 7.5% per annum. Council are also obligated to make an additional contribution of \$273,826 for the members of the defined benefit plan in relation to the 50% share of the Streetsahead Joint Venture with Stonnington Council Refer to Note 9 Employee Costs

Note 23 Trust funds and deposits

Refundable contract deposits	256	210
Refundable tender deposits	15	18
Refundable civic facilities deposits	51	45
Refundable asset protection deposits	1,669	1,563
Refundable Statewide Primary Care Partnership funds	-	13
Refundable tenancy bonds	242	213
Other refundable deposits	70	763
	2,303	2,825

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 24 Provisions	2012 \$'000	2011 \$'000
CURRENT		
Annual leave	3,709	3,269
Long service leave	4,156	3,798
Retirement gratuity	177	161
Joint venture employees	832	707
Other	29	141
	8,903	8,076
NON-CURRENT		
Annual leave	-	-
Long service leave	1,568	1,194
Retirement gratuity	-	-
Joint venture employees	-	-
	1,568	1,194
AGGREGATE CARRYING AMOUNT OF EMPLOYEE BENEFITS		
Current	8,903	8,076
Non-current	1,568	1,194
	10,471	9,270

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

Weighted average increase in employee costs	4.31%	4.60%
Weighted average discount rates	2.78%	4.99%

CURRENT		
Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	6,238	5,696
Other short-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	2,665	2,380
	8,903	8,076
NON-CURRENT		
Long service leave representing less than 7 years of continuous service measured at present value	1,568	1,194
	1,568	1,194
	No.	No.
Average employee numbers during the financial year	841	814
Number of full time equivalents (FTE) at year end	667	655

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 24 Provisions (continued)

2012	ANNUAL LEAVE \$ '000	LONG SERVICE LEAVE \$ '000	RETIREM'T GRATUITY \$ '000	JOINT VENTURE EMPLOYEES \$ '000	OTHER \$ '000	TOTAL \$ '000
Balance at beginning of the financial year	3,269	4,992	161	707	141	9,270
Additional provisions	4,161	1,327	10	265	394	6,157
Amounts used	(3,804)	(812)	-	(141)	(506)	(5,263)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	84	216	7	-	-	307
BALANCE AT THE END OF THE FINANCIAL YEAR	3,710	5,723	178	831	29	10,471

2011	ANNUAL LEAVE \$ '000	LONG SERVICE LEAVE \$ '000	RETIREM'T GRATUITY \$ '000	JOINT VENTURE EMPLOYEES \$ '000	OTHER \$ '000	TOTAL \$ '000
Balance at beginning of the financial year	2,869	4,873	215	725	132	8,814
Additional provisions	3,832	1,326	(46)	152	440	5,704
Amounts used	(3,463)	(923)	-	(170)	(431)	(4,987)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	31	(284)	(8)	-	-	(261)
BALANCE AT THE END OF THE FINANCIAL YEAR	3,269	4,992	161	707	141	9,270

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 25 Interest-bearing liabilities	2012 \$'000	2011 \$'000
CURRENT		
Borrowings - secured against rates and charges	594	559
Joint venture finance lease liability	323	293
	917	852
NON-CURRENT		
Borrowings - secured against rates and charges	632	1,226
Joint venture finance lease liability	893	759
	1,525	1,985
	2,442	2,837
THE MATURITY PROFILE FOR COUNCIL'S BORROWINGS IS:		
Not later than one year	917	852
Later than one year and not later than five years	1,525	1,985
Later than five years	-	-
	2,442	2,837
FINANCE LEASES		
Included in the above is Council's obligations under finance leases for the lease of equipment through the joint venture "Streetsahead". The sum is recognised as a liability after deduction of future lease finance charges included in the obligation.		
Not later than one year	435	387
Later than one year and not later than five years	1,032	898
Later than five years	-	-
Minimum lease payments	1,467	1,285
Less: Future finance charges	(251)	(232)
RECOGNISED IN THE BALANCE SHEET AS:	1,216	1,053
CURRENT		
Leases	323	293
NON-CURRENT		
Leases	893	759
	1,216	1,052

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 26 Reserves

(a) ASSET REVALUATION RESERVES	BALANCE AT BEGINNING OF YEAR \$'000	INCREMENT (DECREMENT) \$'000	BALANCE AT END OF YEAR \$'000
2012			
PROPERTY			
Land	1,128,483	-	1,128,483
Land improvements	7,854	5,796	13,650
Arts & Heritage	4,643	-	4,643
Buildings	60,711	-	60,711
	1,201,691	5,796	1,207,487
INFRASTRUCTURE			
Roads, footpaths and bridges	65,992	-	65,992
Drainage	25,365	-	25,365
	91,357	-	91,357
TOTAL ASSET REVALUATION RESERVES	1,293,048	5,796	1,298,844
2011			
PROPERTY			
Land	1,128,483	-	1,128,483
Land improvements	7,854	-	7,854
Arts & Heritage	4,643	-	4,643
Buildings	60,711	-	60,711
	1,201,691	-	1,201,691
INFRASTRUCTURE			
Roads, footpaths and bridges	65,992	-	65,992
Drainage	17,836	7,529	25,365
	83,828	7,529	91,357
TOTAL ASSET REVALUATION RESERVES	1,285,519	7,529	1,293,048

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 26 Reserves (cont.)

OTHER RESERVES	BALANCE AT BEGINNING OF YEAR \$'000	TRANSFER FROM ACCUMULATED SURPLUS \$'000	TRANSFER TO ACCUMULATED SURPLUS \$'000	BALANCE AT END OF YEAR \$'000
2012				
General Reserve	18,720	5,829	(5,058)	19,491
Resort and recreation reserve	6,475	3,145	(2,710)	6,910
Contributions for car parking reserve	1,790	-	-	1,790
Contribution for CI3 infrastructure reserve	370	95	(250)	215
TOTAL OTHER RESERVES	27,355	9,069	(8,018)	28,406
2011				
General Reserve	17,883	6,616	(5,779)	18,720
Resort and recreation reserve	5,410	2,657	(1,592)	6,475
Contributions for car parking reserve	1,790	-	-	1,790
Contribution for CI3 infrastructure reserve	419	151	(200)	370
TOTAL OTHER RESERVES	25,502	9,424	(7,571)	27,355
			2012 \$'000	2011 \$'000
Asset revaluation reserve			1,298,844	1,293,048
Other reserves			28,406	27,355
TOTAL RESERVES			1,327,250	1,320,403

ASSET REVALUATION RESERVE

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.

GENERAL RESERVE

The general reserve comprises allocations made by the council for the purpose of funding major medium term expenditure initiatives and future commitments that relate to the unexpended portion of government grants received.

RESORT AND RECREATION RESERVE

The resort and recreation reserve is for the accumulation of developers contributions which are to be expended at a future date on recreational infrastructure.

CONTRIBUTIONS FOR CAR PARKING RESERVE

The car parking reserve is for the accumulation of developers contributions which are to be expended at a future date on improved car parking facilities

CONTRIBUTIONS FOR CI3 INFRASTRUCTURE RESERVE

The CI3 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 27 Reconciliation of cash flows provided by operating activities to the profit/(loss) for the year	2012 \$'000	2011 \$'000
<i>Surplus/(deficit)</i>	(165)	1,146
Depreciation (see Note 13)	15,649	15,495
Loss on disposal of property, plant and equipment (see Note 16)	2,436	4,335
Impairment (gain)/loss related to non current financial asset	(328)	(79)
Non monetary contributed assets	(285)	(296)
St Kilda Triangle settlement	1,500	-
Finance costs (see Note 15)	207	226
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in receivables	(426)	(870)
(Increase)/decrease in accrued income	34	(79)
(Increase)/decrease in prepayments	(624)	813
Increase/(decrease) in payables & trust funds	11,474	(3,090)
Increase/(decrease) in provisions	1,199	456
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,671	18,057

Note 28 Reconciliation of cash and cash equivalents

Cash deposits (see Note 17)	9,304	8,369
Cash equivalents - Bank Bills with maturity less than 3 months	10,765	19,000
	20,069	27,369

Note 29 Financing arrangements

Bank overdraft	1500	1,500
Used facilities	-	-
<i>Unused Bank overdraft facilities</i>	1,500	1,500
Credit Card facilities	167	154
Used facilities	(2)	(20)
<i>Unused credit card facilities</i>	165	134

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 30 Restricted Assets	2012 \$'000	2011 \$'000
Council has cash and cash equivalents (Note 17) and financial assets (Note 18) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Recreational Lands Reserves).		
Long service leave obligations as prescribed by the Local Government Act (Note 24)	-	5,884
Trust funds and deposits (Note 23)	2,303	2,825
Statutory reserve balances (Note 26b)	8,915	8,635
	11,218	17,344

Included in Note 21 'Property, infrastructure, plant and equipment' are housing assets which have restrictions on them. These assets which total \$7.8 million (2010/2011: \$7.9 million) are used for community housing and were purchased with assistance from the State Government. This funding imposes restrictions preventing Council from using these assets for any other purpose. If the funding conditions in the respective funding agreements for each property are defaulted upon, Council is liable to repay to the State Government an amount determined in those agreements. Based upon the \$7.8 million written down value included in the accounts, the amount that would be required to be repaid to the State Government in a default situation would be \$6.3 million (2010/2011: \$6.4 million).

Note 31 Superannuation	2012 \$'000	2011 \$'000
Council made contributions to the following funds:		
DEFINED BENEFIT FUNDS		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	544	481
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	11,147	3,472
	11,691	3,953
ACCUMULATION FUNDS		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)		
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	3,884	3,953
	3,884	3,953
	15,575	7,906

The Local Authorities Superannuation latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding contributions tax, in the defined benefit fund of which Council is a member. Council was made aware of the expected shortfall through the year and was formally informed of its share of the shortfall on 31 July 2012 which amounted to \$9.242 million plus contributions tax of \$1.631 million - a total of \$11.147 million. In addition, Council is obligated to meet the shortfall of their 50% share of the Streetsahead Joint Venture superannuation liability, being \$274,000. This amount is due for payment on 1 July 2013. Council has not yet decided how or when it will meet this obligation and it has accordingly been reflected as a non current liability. Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefits (refer Note 9) and in the Balance Sheet in Non Current Liabilities in Payables (refer Note 22).

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 32 Commitments

The Council has entered into the following commitments:

2012	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
OPERATING					
Advertising and marketing	-	-	-	-	-
Architecture	137	-	-	-	137
Assurance services/Internal audit	-	-	-	-	-
Banking	595	595	1,189	-	2,379
Building services	75	-	-	-	75
Infrastructure construction	20,485	7,097	-	-	27,582
Cleaning	814	-	-	-	814
Computers and technology	434	362	-	-	796
Festivals	93	31	-	-	124
Fleet services	1,132	377	-	-	1,509
Food production	-	-	-	-	-
Insurance services	-	-	-	-	-
Legal services	11	-	-	-	11
Parking services	1,278	497	1,169	-	2,944
Pest control	-	-	-	-	-
Playspaces	26	-	-	-	26
Waste Management	11,870	8,510	20,213	-	40,593
Security services	-	-	-	-	-
Stationery	85	-	-	-	85
Street furniture	325	325	150	-	800
Street tree & parks maintenance	16,522	16,262	32,524	-	65,308
Sustainability	8	-	-	-	8
Valuations	250	-	-	-	250
Vehicle management	49	49	115	-	213
	54,189	34,105	55,360	-	143,654
CAPITAL					
Construction	16,065	-	-	-	16,065
TOTAL	70,254	34,105	55,360	-	159,719

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 32 Commitments (cont.)

2011	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
OPERATING					
Advertising and marketing	53	-	-	-	53
Architecture	99	50	-	-	149
Assurance services/Internal audit	36	-	-	-	36
Building maintenance	396	-	-	-	396
Infrastructure construction	18,097	5,932	5,932	-	29,961
Cleaning	1,734	1,337	1,482	-	4,553
Computers and technology	616	434	362	-	1,412
Festivals	26	-	-	-	26
Fleet services	496	-	-	-	496
Food production	518	-	-	-	518
Insurance services	496	-	-	-	496
Parking services	2,078	861	208	-	3,147
Pest control	2	-	-	-	2
Printing and publishing	-	-	-	-	-
Recruitment services	-	-	-	-	-
Waste management	4,009	3,729	3,783	-	11,521
Security services	68	-	-	-	68
Street furniture	325	325	475	-	1,125
Street tree & parks maintenance	12,289	16,262	48,786	-	77,337
Valuations	571	190	-	-	761
Vehicle management	63	-	-	-	63
	41,972	29,120	61,028	-	132,120
CAPITAL					
Construction	11,642	1,065	-	-	12,707
TOTAL	53,614	30,185	61,028	-	144,827

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 33 Operating lease commitments	2012 \$'000	2011 \$'000
a) 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.		
Not later than one year	1,206	1,318
Later than one year and not later than five years	1,350	1,210
Later than five years	-	-
	2,556	2,528

At the reporting date, Council was a party as lessor under non-cancellable operating leases for the lease of land and buildings. These future commitments of income inflows are not recognised as assets.

b) OPERATING LEASE AND LICENCE RECEIVABLES

The Council has entered into leases and licences for some of the property it owns or controls as a Committee of Management for crown land. Properties used for commercial purpose are held under leases which have varying terms. Long term leases usually reflect significant private investment in the buildings on the land. Most leases include an annual rental increase and periodical reviews to market. Council also enters into licence agreements with stallholders at the South Melbourne Market.

Not later than one year	6,345	4,455
Later than one year and not later than five years	13,151	7,389
Later than five years	9,405	9,545
	28,901	21,389

Note 34 Contingent liabilities and contingent assets	2012 \$'000	2011 \$'000
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CONTINGENT LIABILITIES

Superannuation

Council has disclosed a significant liability of over \$11 million being the superannuation call from Vision Super. Notwithstanding this, Council's obligations under a defined benefit superannuation scheme may result in the need to make further contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. Due to fluctuations in the value of assets underlying the fund and movements in the liabilities of the fund Council may be required to make an additional contribution to the fund. At this point in time the amount, and the likelihood of payment is not certain.

Public & Products Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$400 million of public & products liability insurance and had an excess of \$10,000 for individual claims on this policy in 2011/12. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is MAV Insurance. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Professional Indemnity

As a local authority with statutory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$300 million of professional indemnity insurance and had an excess of \$20,000 on this policy in 2011/12. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is MAV Insurance. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Legal matters

The Council is presently involved in a number of confidential legal matters which are being conducted through Council's solicitors. These matters are yet to be finalised and the financial outcome cannot be determined.

CONTINGENT ASSETS

Open space contributions

Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.	1,200	1,200
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NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 35 Financial Instruments

(A) ACCOUNTING POLICY, TERMS AND CONDITIONS

RECOGNISED FINANCIAL INSTRUMENTS	NOTE	ACCOUNTING POLICY	TERMS AND CONDITIONS
<i>Financial Assets</i>			
Cash and cash equivalent assets	17	Cash on hand and at bank and money market call account are valued at face value. Bank bills with a maturity of less than three months are recognised as cash equivalents and are valued at cost.	On call deposits returned floating interest rates of between 3.65% and 4.65% in 2011/12 (2010/11: 4.40% and 4.65%). The interest rate at balance date was 5.40% (2010/11: 4.65%).
Financial assets	18	Bank bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	Bank Bills returned fixed interest rates of between 4.45% and 6.40% in 2011/12 (2010/11: 5.27% and 6.80%).
Other debtors	19	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and do not attract interest. Credit terms are based between 0 and 30 days depending on nature of service.
<i>Financial Liabilities</i>			
Payables	22	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.
Interest-bearing loans and borrowings	25	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings was fixed at 6.15% in 2011/12 (6.15% in 2010/11). As at balance date, the Council did not directly hold any finance leases other than through their interest in the Joint Venture 'Streetsahead'. Lease terms are generally between 2 and 6 years in duration. Penalties may apply should cancellation occur. Interest charges vary according to when the contract was implemented. At balance date 2011/12 interest rates ranged from 5.76% to 13.62% (2010/11: 5.77% to 13.64%).
Trust Funds and deposits	23	Funds received on behalf of third parties and to which CoPP has no present entitlement are carried at the gross amount and do not attract interest.	Trust funds are unsecured, not subject to interest charges and vary in the timing of settlement in accordance with their specific terms.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 35 Financial instruments (continued)

(B) INTEREST RATE RISK

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

2012	FIXED INTEREST MATURING IN:					TOTAL \$'000
	FLOATING INTEREST RATE \$'000	1 YEAR OR LESS \$'000	OVER 1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	NON-INTEREST BEARING \$'000	
FINANCIAL ASSETS						
Cash and cash equivalents	9,259	10,765	-	-	45	20,069
Other financial assets	-	40,000	-	-	-	40,000
Receivables (excluding Rates, Parking and GST receivables)	2,859	-	-	-	-	2,859
<i>Total financial assets</i>	12,118	50,765	-	-	45	62,928
<i>Weighted average interest rate</i>	4.00%	5.03%	n/a	n/a	n/a	
FINANCIAL LIABILITIES						
Payables	-	-	-	-	23,976	23,976
Trust funds	-	-	-	-	2,303	2,303
Interest-bearing loans and borrowings including finance leases	-	917	1,525	-	-	2,442
<i>Total financial liabilities</i>	-	917	1,525	-	26,279	28,721
<i>Weighted average interest rate</i>	n/a	6.15%	6.15%	6.15%	n/a	
NET FINANCIAL ASSETS (LIABILITIES)	12,118	49,848	(1,525)	-	(26,234)	34,207
2011						
2011	FIXED INTEREST MATURING IN:					TOTAL \$'000
	FLOATING INTEREST RATE \$'000	1 YEAR OR LESS \$'000	OVER 1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	NON-INTEREST BEARING \$'000	
FINANCIAL ASSETS						
Cash and cash equivalents	8,331	19,000	-	-	38	27,369
Other financial assets	-	22,044	3,648	-	-	25,692
Receivables (excluding Rates, Parking and GST receivables)	2,759	-	-	-	-	2,759
<i>Total financial assets</i>	11,090	41,044	3,648	-	38	55,820
<i>Weighted average interest rate</i>	4.65%	5.96%	5.62%	n/a	n/a	
FINANCIAL LIABILITIES						
Payables	-	-	-	-	11,980	11,980
Trust funds	-	-	-	-	2,825	2,825
Interest-bearing loans and borrowings including finance leases	-	852	1,985	-	-	2,837
<i>Total financial liabilities</i>	-	852	1,985	-	14,805	17,642
<i>Weighted average interest rate</i>	n/a	6.15%	6.15%	6.15%	n/a	
NET FINANCIAL ASSETS (LIABILITIES)	11,090	40,192	1,663	-	(14,767)	38,178

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 35 Financial instruments (continued)

(C) NET FAIR VALUES

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

	TOTAL CARRYING AMOUNT AS PER BALANCE SHEET		AGGREGATE NET FAIR VALUE	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
FINANCIAL INSTRUMENTS				
FINANCIAL ASSETS				
Cash assets	20,069	27,369	20,069	27,369
Other financial assets	40,000	25,692	40,000	25,692
Receivables	2,859	2,759	2,859	2,759
TOTAL FINANCIAL ASSETS	62,928	55,820	62,928	55,820
FINANCIAL LIABILITIES				
Payables	23,976	11,980	23,976	11,980
Trust funds	2,303	2,825	2,303	2,825
Interest bearing loans and borrowings including finance leases	2,442	2,837	2,442	2,837
TOTAL FINANCIAL LIABILITIES	28,721	17,642	28,721	17,642

(D) CREDIT RISK

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

Note 35 Financial instruments (continued)

(E) RISKS AND MITIGATION

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

MARKET RISK

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

INTEREST RATE RISK

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

Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

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

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

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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

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

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

CREDIT RISK

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 35 Financial instruments (continued)	2012 \$'000	2011 \$'000
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(E) RISKS AND MITIGATION (CONTINUED)

MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS – OTHER DEBTORS

Balance at the beginning of the year	213	303
Provision movement during the year	(3)	(122)
Amounts already provided for and written off as uncollectable	74	32
BALANCE AT END OF YEAR	284	213

AGEING OF TRADE AND OTHER RECEIVABLES (OTHER DEBTORS)

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & Other Receivables was:

Current (not yet due)	1,048	600
Past due by up to 30 days	136	738
Past due by up to 31 - 60 days	41	28
Past due by up to 61 - 90 days	70	16
Past due by up to 91 plus days	137	67
	1,432	1,449

AGEING OF INDIVIDUALLY IMPAIRED TRADE AND OTHER RECEIVABLES (OTHER DEBTORS)

At balance date, other debtors representing financial assets with a nominal value of \$1,585,417 (2011: \$1,523,768) were impaired. The amount of the provision raised against these debtors was \$284,400 (2011: \$212,897). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet overdue)	686	589
Past due by up to 30 days	543	168
Past due by up to 31 - 60 days	77	107
Past due by up to 61 - 90 days	116	154
Past due by up to 91 plus days	289	505
	1,711	1,523

Note 35 Financial instruments (continued)

(E) RISKS AND MITIGATION (CONTINUED)

LIQUIDITY RISK

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities.

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

2012	0 - 12 MONTHS \$'000	1 - 2 YEARS \$'000	2 - 5 YEARS \$'000	> 5 YEARS \$'000	CONTRACTED CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Trade and other payables	23,976	-	-	-	23,976	23,976
Trust funds and deposits	2,303	-	-	-	2,303	2,303
Interest bearing liabilities including finance leases	1,280	1,664	-	-	2,944	2,442
	27,559	1,664	-	-	29,223	28,721

2011	0 - 12 MONTHS \$'000	1 - 2 YEARS \$'000	2 - 5 YEARS \$'000	> 5 YEARS \$'000	CONTRACTED CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Trade and other payables	11,980	-	-	-	11,980	11,980
Trust funds and deposits	2,825	-	-	-	2,825	2,825
Interest bearing liabilities including finance leases	1,084	1,985	-	-	3,069	2,837
	15,889	1,985	-	-	17,874	17,642

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 35 Financial instruments (continued)

(F) SENSITIVITY DISCLOSURE ANALYSIS

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of -0.5% and +1% in market interest rates (AUD) from weighted average year-end rates of 5.43% (2010/11: 5.80%)

At 30 June 2011, a parallel shift of -0.5% and +1% in market interest rates (AUD) from weighted average year-end rates of 5.80% was considered reasonably possible.

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

2012	\$'000	INTEREST RATE RISK			
		-50 PROFIT \$'000	-0.5 BASIS POINTS EQUITY \$'000	+100 PROFIT \$'000	+1 BASIS POINTS EQUITY \$'000
<i>Financial assets:</i>					
Cash and cash equivalents	20,069	(100)	(100)	201	201
Financial assets	40,000	(200)	(200)	400	400
Receivables	2,859	-	-		
<i>Financial liabilities</i>					
Payables	23,976	-	-	-	-
Trust funds	2,303	-	-	-	-
Interest bearing loans	2,442				

2011	\$'000	INTEREST RATE RISK			
		-50 PROFIT \$'000	-0.5 BASIS POINTS EQUITY \$'000	+100 PROFIT \$'000	+1 BASIS POINTS EQUITY \$'000
<i>Financial assets:</i>					
Cash and cash equivalents	27,369	(137)	(137)	274	274
Financial assets	25,692	(128)	(128)	257	257
Receivables	2,759	-	-		
<i>Financial liabilities</i>					
Payables	11,980	-	-	-	-
Trust funds	2,825	-	-	-	-
Interest bearing loans	2,837				

(G) FAIR VALUE HIERARCHY

All financial assets carried at fair value are measured at quoted prices in active markets for identical assets or liabilities.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 36 Auditors' remuneration	2012 \$'000	2011 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	64	64
Internal audit fees and other like services	73	68
	137	132

Note 37 Related party transactions

(A) RESPONSIBLE PERSONS

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

COUNCILLORS

Rachel Powning	(Mayor)
Frank O'Connor	(Councillor)
Judith Klepner	(Councillor)
Janet Bolitho	(Councillor)
Serge Thomann	(Councillor)
John Middleton	(Councillor)
Jane Touzeau	(Councillor)

CHIEF EXECUTIVE OFFICER Kay Rundle

	2012 NO.	2011 NO.
(B) REMUNERATION OF RESPONSIBLE PERSONS		
Annual remuneration of responsible persons were within the following bands:		
\$20,000 - \$29,999	6	5
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	-	1
\$80,000 - \$89,999	-	-
\$90,000 - \$99,999	1	-
\$320,000 - \$329,999	1	-
\$390,000 - \$399,999 *	-	1
	8	8
	\$'000	\$'000
Total remuneration for the year for Responsible Persons included above amounted to	589	637

* Total remuneration includes payment of accumulated employee leave entitlements, including annual leave and long service leave accrued during the responsible persons employment within local government and any termination and defined benefit superannuation payments following their departure from the Council.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 37 Related party transactions (cont)

(C) RETIREMENT BENEFITS FOR RESPONSIBLE PERSONS

No retirement benefits have been paid by the Council to a Responsible Person (2010/11: Nil).

(D) LOANS TO RESPONSIBLE PERSONS

No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2010/11: Nil).

(E) OTHER TRANSACTIONS

No transactions, other than remuneration payments or the reimbursement of approved expenses, were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons, during the reporting year (2010/11: Nil).

(F) SENIOR OFFICERS REMUNERATION

A Senior Officer, other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$127,000. The number of Senior Officers, other than Responsible Persons, are shown below in their relevant income bands:

INCOME RANGE:	2012 NO.	2011 NO.
\$127,000 - \$129,999	-	1
\$130,000 - \$139,999	5	4
\$140,000 - \$149,999	4	5
\$150,000 - \$159,999	6	5
\$160,000 - \$169,999	3	3
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	-	-
\$220,000 - \$229,999	-	4
\$230,000 - \$239,999	3	-
\$240,000 - \$249,999	1	-
\$270,000 - \$279,999*	1	-
	24	24
	\$'000	\$'000
Total remuneration for the reporting year for Senior Officers	4,101	3,920

* Total remuneration includes payment of accumulated employee leave entitlements, including annual leave and long service leave accrued during the senior officers employment within local government and any termination and defined benefit superannuation payments following their departure from the Council.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 38 Joint venture information - Streetsahead

JOINT VENTURE – STREETS Ahead CLEANING SERVICE

In 2000, Port Phillip City Council and Stonnington City Council, pursuant to an agreement, commenced operating a joint venture 'Streetsahead' for the purpose of providing street cleaning, beach and foreshore cleaning, litter bin clearing etc. to their municipalities. Council purchases cleaning services from 'Streetsahead' on normal commercial terms and conditions. Council has a 50% interest in the joint venture which is detailed below.

The results from operations and the assets and liabilities of Streetsahead have been consolidated into Council's accounts. The figures below represent Council's 50% share of the Streetsahead accounts as at 30 June 2012. As at the date of producing this report the Streetsahead accounts were awaiting audit clearance.

	2012 \$'000	2011 \$'000
Revenue from continuing operations	4,390	4,160
Expenses from continuing operations	4,630	4,253
NET (LOSS)/SURPLUS FROM CONTINUING OPERATIONS	(240)	(93)
Income tax expense	-	-
(LOSS)/SURPLUS FOR THE YEAR	(240)	(93)
Council's share of the joint venture assets and liabilities are as follows:		
CURRENT ASSETS		
Cash assets	1,219	1,320
Receivables	635	276
Other	17	18
TOTAL CURRENT ASSETS	1,871	1,613
NON-CURRENT ASSETS		
Property, plant and equipment	1,326	1,202
TOTAL NON-CURRENT ASSETS	1,326	1,202
TOTAL ASSETS	3,197	2,815
CURRENT LIABILITIES		
Payables	525	190
Employee benefits	794	672
Interest-bearing liabilities	323	293
TOTAL CURRENT LIABILITIES	1,642	1,155
NON-CURRENT LIABILITIES		
Employee benefits	38	35
Interest-bearing liabilities	892	759
TOTAL NON-CURRENT LIABILITIES	930	794
TOTAL LIABILITIES	2,572	1,950
NET ASSETS	625	865
EQUITY		
Accumulated surplus	153	394
Joint Venture Equity	472	472
TOTAL EQUITY	625	865

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 39 Income, expenses and assets by function/activity

Rather than provide segment information as required per Accounting Standards, the Local Government Regulations require the following program based disclosures:

	CORPORATE SERVICES \$'000		ENVIRONMENT AND PLANNING \$'000		CULTURAL & COMMUNITY DEVELOPMENT \$'000		CITY & INFRASTRUCTURE SERVICES \$'000		OTHER * NOT ATTRIBUTED \$'000		TOTAL \$'000	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
INCOME												
Grants	2,943	2,272	544	193	7,175	7,024	4,661	2,887			15,323	12,376
Other	4,811	4,288	35,267	35,138	8,745	9,109	9,282	8,323	87,679	80,699	145,784	137,557
TOTAL INCOME	7,754	6,560	35,811	35,331	15,920	16,133	13,943	11,210	87,679	80,699	161,107	149,933
EXPENSES												
	57,930	53,405	26,028	23,641	36,358	33,748	43,011	39,902	(2,055)	(1,909)	161,272	148,787
NET SURPLUS/ (DEFICIT) FOR YEAR												
	(50,176)	(46,845)	9,783	11,690	(20,438)	(17,615)	(29,068)	(28,692)	89,734	82,608	(165)	1,146
TOTAL ASSETS BY DIVISION												
	1,937,637	1,920,803	(19,540)	(17,871)	492	430	14,793	12,110	-	-	1,933,382	1,915,472

*The column 'Other * Not Attributed' includes general rates, reserves write-back and current assets

ACTIVITIES

Corporate Services

Responsible for internal business support in information systems, human resources, regulatory services, and corporate planning as well as the collection of rates and other income, payment of suppliers, payroll, and financial management.

The Division includes the following Departments:

Community & Councillor Services, Finance, People & Organisational Development, Governance & Engagement and Information Systems

Environment & Planning

Responsible for strategic & community planning and facilitation, health and amenity services, fleet management, sustainability programs, economic development and tourism and parking enforcement.

The Division includes the following Departments:

Sustainability, City Strategy, Compliance & Parking and City Development

Cultural & Community Development

Responsible for ensuring effective access and delivery of community services, culture and recreation.

The Division includes the following Departments:

Family, Youth & Children, Culture & Leisure, Diversity & Ageing and Community Development & Engagement

City & Infrastructure Services

Responsible for providing a range of services which support the key assets and properties of the City of Port Phillip.

The Division includes the following Departments:

Operations, Assets, Parks & Open Space, Project Services and Property Services

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 40 Financial ratios	2012 \$'000	2011 \$'000	2010 \$'000
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(A) DEBT SERVICING RATIO

The debt servicing ratio identifies the capacity of Council to service its outstanding debt. Debt servicing costs refer to the payment of interest on loan borrowings, finance leases and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

$\frac{\text{Debt servicing costs}}{\text{Total revenue}}$	$\frac{202}{161,107} = 0.13\%$	$\frac{228}{149,933} = 0.15\%$	$\frac{234}{143,760} = 0.16\%$
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(B) DEBT COMMITMENT RATIO

The debt commitment ratio measures progress in relation to Council's debt redemption strategy. The strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

$\frac{\text{Debt servicing \& redemption costs}}{\text{Rate revenue}}$	$\frac{1,009}{88,581} = 1.14\%$	$\frac{1,021}{82,354} = 1.24\%$	$\frac{949}{78,019} = 1.22\%$
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(C) REVENUE RATIO

The revenue ratio identifies Council's dependence on rate income. The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council. Total revenue excludes one off non-monetary contributed assets (refer to Note 7).

$\frac{\text{Rate revenue}}{\text{Total revenue}}$	$\frac{88,583}{161,107} = 54.98\%$	$\frac{82,354}{149,933} = 54.93\%$	$\frac{78,019}{143,760} = 54.27\%$
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(D) DEBT EXPOSURE RATIO

The debt exposure ratio identifies Council's exposure to debt. For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

The following assets are excluded from total assets when calculating Council's realisable assets: controlled land, controlled buildings, roads, lanes, footpaths, kerb and channel and bridges, drains, heritage assets, works of art and restricted assets.

Any liability represented by a restricted asset (Note 30) is excluded from total indebtedness.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.

$\frac{\text{Total indebtedness}}{\text{Total realisable assets}}$	$\frac{27,974}{542,892} = 1:19.41$	$\frac{9,568}{524,010} = 1:54.77$	$\frac{15,057}{526,586} = 1:34.97$
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(E) WORKING CAPITAL RATIO

The working capital ratio is used to assess Council's ability to meet current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities.

$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{71,324}{24,952} = 2.86:1$	$\frac{60,504}{23,733} = 2.55:1$	$\frac{55,454}{24,762} = 2.24:1$
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(F) ADJUSTED WORKING CAPITAL RATIO

The adjusted working capital ratio is used to assess Council's ability to meet current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities. Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{71,324}{23,641} = 3.02:1$	$\frac{60,504}{22,532} = 2.69:1$	$\frac{55,454}{23,438} = 2.37:1$
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NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 41 Income Statement Converted to Cash

The principal budget document used by Council to monitor its financial performance is the Cash Income Statement or Rate Determination Statement. This note has been included to provide the reader with a snapshot of Council's performance against the budget. The surplus of \$9.125 million is primarily attributable to a cumulative capital works carry over of \$19.514 million which will be funded in the 2011/12 budget (2010/11 - \$17.193 million).

	2012 ACTUAL \$'000	2012 BUDGET \$'000	2011 ACTUAL \$'000	2011 BUDGET \$'000
REVENUE				
Rates and garbage charges	88,581	88,438	82,354	82,401
Parking fees and fines	26,076	24,880	26,047	23,900
User charges, fees and fines	12,559	14,484	12,103	14,414
Statutory fees and fines	1,920	-	1,953	-
Grants	15,323	13,125	12,376	12,558
Contributions	3,552	1,200	3,184	1,200
Other income	2,630	8,613	2,482	8,662
Interest	3,054	1,809	2,858	1,000
Rent	7,412	-	6,576	-
Proceeds from sale of assets	-	1,300	-	-
Total Income	161,107	153,849	149,933	144,135
EXPENSES				
Employee benefits	71,479	59,258	57,262	52,723
Contract services	35,542	35,551	33,930	37,041
Materials and administration costs	22,125	21,504	25,336	19,724
Bad and doubtful debts	2,128	-	1,506	-
Depreciation	15,649	17,362	15,495	16,652
Professional services	4,873	5,486	4,234	4,734
Utility payments	2,674	2,532	2,287	2,685
Other expenses	4,164	-	4,174	-
Finance costs	202	206	228	130
Net loss on disposal of property, infrastructure, plant & equipment	2,436	-	4,335	-
Total Expenses	161,272	141,899	148,787	133,689
Surplus / (Deficit)	(165)	11,950	1,146	10,446
RATE DETERMINATION ADJUSTMENTS				
Depreciation	15,649	17,362	15,495	16,652
Net loss on disposal of property, infrastructure, plant & equipment	2,436	-	4,335	-
Non monetary contributed assets	(285)	-	(296)	-
St Kilda Triangle settlement	(1,500)	(1,500)	(2,000)	(2,000)
Proceeds from borrowings	-	5,000	-	-
Capital expenditure	(23,482)	(34,957)	(13,649)	(26,132)
Loan repayments	(559)	(559)	(526)	(526)
Net transfers (to)/from reserves	(1,051)	2,205	(1,852)	1,560
Brought forward surplus	18,082	809	15,429	59
Net rate determination surplus	9,125	310	18,082	59

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2012

Note 42 Capital expenditure	2012 \$'000	2011 \$'000
Roads, lanes, footpaths, kerb and channel and bridges	6,834	6,226
Drains	313	780
Buildings	11,295	1,957
Land improvements	1,500	2,224
Plant and equipment	1,272	2,723
Furniture and fittings	990	135
Heritage assets and works of art	122	21
Total capital works	22,326	14,066
REPRESENTED BY:		
Renewal	8,641	7,073
Upgrade	7,565	1,311
Expansion	3,739	-
New assets	2,381	5,682
Total capital works	22,326	14,066
The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:		
Total capital works	22,326	14,066
Asset revaluation movement (see Note 26(a))	5,796	7,529
Depreciation (see Note 13)	(15,649)	(15,495)
Written down value of assets disposed (see Note 16)	(2,436)	(4,335)
Contributed assets (see Note 7)	285	296
Joint venture assets consolidated (see Note 21)	417	317
Net movement in property, infrastructure, plant & equipment	10,739	2,378

(A) RENEWAL

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

(B) UPGRADE

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

(C) EXPANSION

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

(D) NEW ASSETS

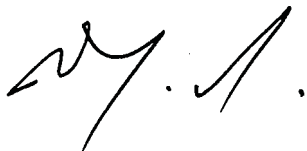
Expenditure on new assets that have not been previously recognised in Council's financial report and are recognised for the first time.

Note 43 Events occurring after balance date

At the date of signing, there were no events subsequent to balance date which would have a material effect on the Council's financial statements.

CERTIFICATION OF THE FINANCIAL REPORT

In my opinion, the accompanying financial report has been prepared in accordance with the Local Government Act 1989, applicable Local Government Regulations, Australian Accounting Standards and Interpretations and other mandatory professional reporting requirements.



DAVID FILMALTER MBL CA
PRINCIPAL ACCOUNTING OFFICER

Date: 07/09/2012 St Kilda

In our opinion, the accompanying financial report presents fairly the financial transactions of the City of Port Phillip for the year ended 30 June 2012 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 report to be misleading or inaccurate.

We were authorised by the Council on 28 August 2012 to certify the financial report in its final form on behalf of the Council.



RACHEL POWNING
MAYOR & COUNCILLOR

Date: 07/09/2012 St Kilda



FRANK O'CONNOR
COUNCILLOR

Date: 07/09/2012 St Kilda



KAY RUNDLE
CHIEF EXECUTIVE OFFICER

Date: 07/09/2012 St Kilda



STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

STANDARD INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
REVENUE					
Rates	88,438	88,581	143	0.2%	
Parking revenue	24,880	24,054	(826)	(3.3%)	2.1
User fees and charges	14,484	14,479	(5)	(0.0%)	
Open space contributions	1,200	3,552	2,352	196.0%	2.2
Grants- operating	9,395	11,342	1,947	20.7%	2.3
Grants- capital	3,730	3,981	251	6.7%	2.4
Interest received	1,809	3,054	1,245	68.8%	2.5
Other income	8,613	10,042	1,429	16.6%	2.6
Profit on sale of assets	1,300	(2,436)	(3,736)	(287.4%)	2.7
Total Income	153,849	156,649	2,800		
EXPENSES					
Employee benefits	59,258	71,479	(12,221)	(20.6%)	2.8
Contract services	35,551	35,542	9	0.0%	
Utilities	2,532	2,674	(142)	(5.6%)	
Materials and other expenses	21,504	26,395	(4,891)	(22.7%)	2.9
Professional services	5,486	4,873	613	11.2%	2.10
Borrowing costs	206	202	4	1.9%	
Depreciation	17,362	15,649	1,713	9.9%	2.11
Total Expenses	141,899	156,814	(14,915)		
Surplus/(deficit)	11,950	(165)	(12,115)		

The accompanying notes form part of this standard statement.

STANDARD BALANCE SHEET

AS AT 30 JUNE 2012

ASSETS	BUDGET	ACTUAL	VARIANCE		NOTE
	\$'000	\$'000	\$'000	%	
CURRENT ASSETS					
Cash and cash equivalents	26,138	60,069	33,931	129.8%	3.1
Receivables	9,178	9,622	444	4.8%	3.2
Accrued Income	858	903	45	5.2%	
Prepayments	919	730	(189)	(20.6%)	3.3
Total current assets	37,093	71,324	34,231	92%	
NON-CURRENT ASSETS					
Other financial assets	5,774	205	(5,569)	(96.4%)	3.1
Property, infrastructure, plant and equipment	1,882,975	1,861,854	(21,121)	(1.1%)	3.4
Total non-current assets	1,888,749	1,862,059	(26,690)	(1%)	
TOTAL ASSETS	1,925,842	1,933,383	7,541	0.4%	
LIABILITIES					
CURRENT LIABILITIES					
Payables	12,043	12,829	(786)	(6.5%)	3.5
Trust funds and deposits	2,352	2,303	49	2.1%	
Provisions	7,529	8,903	(1,374)	(18.2%)	3.6
Interest-bearing loans and borrowings	595	917	(322)	(54.1%)	3.7
Total current liabilities	22,519	24,952	(2,433)	(11%)	
NON-CURRENT LIABILITIES					
Payables	1,285	11,147	(9,862)	(767.5%)	3.5
Provisions	-	1,568	(1,568)	100.0%	3.6
Interest-bearing loans and borrowings	6,691	1,525	5,166	77.2%	3.7
Total non-current assets	7,976	14,240	(6,264)	(79%)	
TOTAL LIABILITIES	30,495	39,192	(8,697)	(29%)	
NET ASSETS	1,895,347	1,894,191	(1,156)	(0.1%)	
EQUITY					
Accumulated surplus	588,558	566,941	(21,617)	(3.7%)	3.8
Asset revaluation reserve	1,285,519	1,298,844	13,325	1.0%	3.9
Other reserves	21,270	28,406	7,136	33.5%	3.10
TOTAL EQUITY	1,895,347	1,894,191	(1,156)	(0.1%)	

The accompanying notes form part of this standard statement.

STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS					
Rates and garbage charges	88,438	88,735	297	0.3%	
Parking fees and fines	24,880	24,398	(482)	(1.9%)	4.1
User charges and other fines	14,484	14,508	24	0.2%	
Grants	13,125	15,539	2,414	18.4%	4.2
Contributions	1,200	3,267	2,067	172.3%	4.3
Interest	1,739	2,982	1,243	71.5%	4.4
Other revenue	9,858	16,793	6,935	70.3%	4.5
	153,724	166,222	12,498	8%	
PAYMENTS					
Payments to suppliers	(39,306)	(45,145)	(5,839)	(14.9%)	4.6
Payments to employees	(56,596)	(59,467)	(2,871)	(5.1%)	4.7
Other payments	(28,722)	(29,439)	(717)	(2.5%)	4.8
St Kilda Triangle settlement	(1,500)	(1,500)	-	0.0%	
	(126,124)	(135,551)	(9,427)	(7%)	
Net cash provided by operating activities	27,600	30,671	3,071	1%	
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments from property, plant and equipment	(34,957)	(22,326)	12,631	36.1%	4.9
Proceeds for property, plant and equipment	1,300	-	(1,300)	100.0%	4.10
Payments/(proceeds) for investments	-	(14,636)	(14,636)	100.0%	4.11
Net cash used in investing activities	(33,657)	(36,962)	(3,305)	10%	
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs	(97)	(202)	(105)	(108.2%)	4.12
Proceeds from borrowings	5,000	-	(5,000)	100.0%	4.13
Repayment of borrowings	(560)	(807)	(247)	(44.1%)	4.13
Net cash provided by (used in) financing activities	4,343	(1,009)	(5,352)	(123%)	
Net increase / (decrease) in cash & cash equivalents	(1,714)	(7,300)	(5,586)	(325.9%)	
Cash and cash equivalents at beginning of year	27,852	27,369	(483)	(1.7%)	
Cash and cash equivalents at end of year	26,138	20,069	(6,069)	(23%)	

The accompanying notes form part of this standard statement.

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDING 30 JUNE 2012

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CAPITAL WORKS AREAS					
Roads	10,680	7,147	3,533	33.1%	5.1
Parks and open space	6,245	1,500	4,745	76.0%	5.2
Buildings	14,003	11,295	2,708	19.3%	5.3
Signage and street furniture	1,040	-	1,040	100.0%	5.1
	31,968	19,942	12,026	37.6%	
CAPITAL EXPENDITURE AREAS					
Plant & Equipment	2,989	2,384	605	20.2%	5.6
Total Capital	34,957	22,326	12,631	36.1%	
REPRESENTED BY:					
Asset renewal	13,688	8,641	5,047	36.9%	5.7
New assets- capital works	12,980	7,565	5,415	41.7%	5.8
Asset expansion/ upgrade	5,300	3,739	1,561	29.5%	5.9
New assets - capital expenditure	2,989	2,381	608	20.3%	5.8
	34,957	22,326	12,631	36.1%	

RECONCILIATION OF NET MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000
Capital works	31,968	19,942	(12,026)
Capital expenditure	2,989	2,384	(605)
Capital works carried forward	-	-	-
Total capital works	34,957	22,326	(12,631)
Asset revaluation increment	-	5,796	5,796
Depreciation and amortisation	(17,052)	(15,649)	1,403
Written down value of assets sold	-	(2,436)	(2,436)
Granted Assets	-	1,119	1,119
Recognition of previously unrecognised assets	-	-	-
Net movement in property, plant and equipment	17,905	11,156	(6,749)

The accompanying notes form part of this standard statement.

NOTES TO THE STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Note 1 Basis of preparation of Standard Statements

The City of Port Phillip is required to prepare and include audited Standard Statements within its Annual Report.

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

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the 2011/12 Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report.

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

The Standard Statements compare the Council's financial plan, expressed through its annual budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent or variances greater than \$200,000, whichever is the lower.

The budget figures included in the Standard Statements are those adopted by the Council on 27 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations as their impacts were not considered predictable.

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

STANDARD INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

Note 2 - Explanation of Material Variances

REF. ITEM	EXPLANATION
2.1	<p>Parking revenue</p> <p>The unfavourable variance of \$826,000 is attributable to the following factors:</p> <ul style="list-style-type: none"> - \$258,000 additional cancellations of parking infringements notices as a result of interstate ticket cancellations not being accounted for when the budget was adopted in June 2011. - \$979,000 lower than anticipated income from PINs - \$184,000 increased provision for PERIN doubtful debts - This is partially offset by additional ticket machine income of \$446,000 as a result of new parking machines across the city and improved machine uptime due to better service being provided from the contractor.
2.2	<p>Open space contributions</p> <p>The favourable variance of \$2.352 million is due to unbudgeted developer contributions received in relation to developments in the St Kilda Road area of \$1.609 million, and St Kilda East of \$446,000. This income has been transferred to a statutory reserve that has been set aside for open space improvements in the municipality. Also included in this variance are contributed assets of \$285,000 which were not accounted for when the budget was adopted in June 2011.</p>
2.3	<p>Grants-operating</p> <p>Favourable variance of \$1.947 million due to the following:</p> <ul style="list-style-type: none"> - \$750,000 due to the early receipt of the first quarterly instalment of the 2012/13 Victorian Grants Commission allocation in 2011/12, and the allocation of funding being higher than expected at the time the budget was adopted - \$300,000 grant from Melbourne Water and \$84,000 from City Switch for Sustainability projects - Additional grant income received in the areas of Community development \$66,000, Culture and Leisure \$166,000, Diversity and Ageing \$166,000, Family Youth and Children \$166,000 and various other minor increases across the organisation.
2.4	<p>Grants-capital</p> <p>The favourable variance of \$251,000 is attributable to the following offsetting variances:</p> <ul style="list-style-type: none"> - \$1.224 million favourable variance for the Liardet Street Family & Children's Centre as State government funding budgeted in the prior year was received in 2011/12 - \$300,000 favourable variance due to unbudgeted funding received for the Palais Theatre - \$1.150 million unfavourable variance for Northport Pavillion Redevelopment Stage 2. Delays in progressing this project has resulted in the grant funding being deferred to 2012/13.
2.5	<p>Interest received</p> <p>The favourable variance of \$1.245 million is attributable to delays in completing some large capital work projects allowing additional funds to be available for investment. In addition, a firmer interest rate environment in the early half of the financial year has contributed to this result.</p>
2.6	<p>Other income</p> <p>The favourable variance of \$1.429 million is due to the following:</p> <ul style="list-style-type: none"> - \$327,000 impairment gain as a result of Council redeeming the Deutsche Bank floating rate note during the financial year - \$498,000 favourable rental income as a result of delays in rental negotiations for commercial properties meaning there have been no rent free periods through the year - \$93,000 unbudgeted income from the sale of right of ways - \$470,000 transfer of held in trust as a contingency
2.7	<p>Profit on sale of assets</p> <p>The unfavourable variance of \$3.736 million is due to the disposal of infrastructure assets which have been replaced and/or upgraded as a result of the capital works program not being accounted for in the 2011/12 budget. In addition, Council budgeted for the sale of a property for \$1.300 million and this will no longer take place.</p>
2.8	<p>Employee benefits</p> <p>The unfavourable variance of \$12.221 million is primarily to two unbudgeted Vision Super superannuation calls which Council is obligated to pay for members of the defined benefit plan by the 1st July 2013. The first obligation of \$10.873 million relates to Council staff, the second of \$274,000 relates to Councils 50% share of the Streetsahead Joint Venture with Stonnington Council.</p>
2.9	<p>Materials and Other expenses</p> <p>The unfavourable variance of \$4.891 million relates to the reallocation of \$4.223 million from capital works and work in progress to operating expenditure. Also contributing to this variance is \$423,000 relating to the consolidation of the Streetsahead Joint Venture.</p>
2.10	<p>Professional Services</p> <p>The favourable variance of \$613,000 relates to underexpenditure across various non-capital projects within the organisation.</p>
2.11	<p>Depreciation</p> <p>The favourable variance of \$1.713 million is due to depreciation being overstated in the budget.</p>

STANDARD BALANCE SHEET

AS AT 30 JUNE 2012

Note 3 - Explanation of Material Variances

REF. ITEM	EXPLANATION
3.1	<p>Cash and cash equivalents Other financial assets</p> <p>The overall favourable variance in cash and non current financial assets of \$28.362 million is due to the following: - delays in expending the capital works program (\$24.514 million) and - a favourable variance of \$7.136 million in council's cash backed other reserves compared to budget (see Note 3.10 below for details).</p>
3.2	<p>Receivables</p> <p>The favourable variance of \$444,000 is due to increased sundry debtor balances which were not accounted for when the 2011/12 budget was adopted in June 2011.</p>
3.3	<p>Prepayments</p> <p>The decrease of \$189,000 is due to insurance payments for insurance for the 2012/13 financial year being made in July 2012.</p>
3.4	<p>Property, infrastructure, plant and equipment</p> <p>The reduction of \$21.121 million is due to the following adjustments not accounted for when the budget was adopted in June 2011: - (\$24.514) million of capital works budgeted to be completed but not finalised at 30 June 2012 - the impact of the write off of operating expenses budgeted in capital works in 2010/11 (\$7.467 million) and 2011/12 (\$4.223 million)- \$5.796 million being the land improvements revaluation increment at 30 June 2012 These variances have been partly offset by the following increases- - \$5.796 million being the land improvements revaluation increment at 30 June 2012 - \$6.024 million being land improvement assets recognised for the first time at 30 June 2012 - \$7.529 million being the drainage revaluation increment at 30 June 2011</p>
3.5	<p>Payables- current and non current</p> <p>The overall unfavourable variance of \$10.648 million in current and non current payables is primarily attributable to two unbudgeted Vision Super superannuation calls which Council is obliged to pay for members of the defined benefit plan by the 1 July 2013. The first obligation of \$10.873 million relates to Council staff, the second of \$274,000 relates to Council's 50% share of the Streetsahead Joint Venture with Stonnington Council.</p>
3.6	<p>Provisions- current and non current</p> <p>The overall increase of \$2.942 million in current and non current employee provisions is due to the impact of increases in pay rates over the past two financial years which was not accounted for when the 2011/12 Budget was adopted.</p>
3.7	<p>Interest bearing liabilities - current and non current</p> <p>The overall decrease of \$4.844 million is due to the inclusion of \$5 million of new borrowings in the 2011/12 Budget which has been deferred to the 2012/13 financial year. This has been partially offset by the inclusion of Council's Streetsahead joint venture finance lease liability which was not accounted for when the 2011/12 budget was adopted in June 2011.</p>
3.8	<p>Accumulated surplus</p> <p>The unfavourable variance of \$21.617 million is due to the following factors: - \$4.222 million of operating expenditure being funded through the capital works budget - Prior period adjustments of \$12.167 million processed in 2008/09 which resulted in a reduction in the opening accumulated surplus which was not taken into account when setting the 2011/12 budget. - An additional \$2.361 million was transferred from accumulated surplus to other reserves during the 2010/11 financial year which was not included in the 2010/11 Budget. See note 3.10 for further information.</p>
3.9	<p>Asset revaluation reserves</p> <p>The favourable variance of \$13.325 million is due to the following formal asset revaluations not being accounted for when the 2011/12 Budget was adopted: - \$5.796 million being the land improvements revaluation undertaken in 2011/12 - \$7.529 million being the drainage revaluation undertaken in 2010/11</p>
3.10	<p>Other reserves</p> <p>The favourable increase of \$7.136 million is due to: - \$1.201 million unbudgeted transfer of grants commission funding VGC - additional developer contributions of \$2.067 million received and transferred to reserve - tied grants accrual transferring \$1.675 million to reserves (this was unbudgeted but will be transferred from the reserve on 1/7/12) - \$700,000 St Kilda Children's Centre capital works funding budgeted, but not transferred out of reserves at 30 June 2012 - \$1.073 million unbudgeted IT capital expenditure rollover - \$487,000 unbudgeted Child Care Centre infrastructure levy credits transferred to reserves.</p>

STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

Note 4 - Explanation of Material Variances

REF.	ITEM	EXPLANATION
4.1	Parking fees and fines	The unfavourable variance of \$482,000 is primarily due to lower than anticipated income from infringement notices (\$979,000) offset by an increase in ticket machine income (\$446,000).
4.2	Grants	The favourable variance of \$2.414 million is due to the following: - \$750,000 being the early receipt of the first half instalment of the 2012/13 grants commission allocation in 2011/12 - \$300,000 grant from Melbourne Water and \$84,000 from City Switch for Sustainability projects - Receipt of \$1.224 million for the Liardet Street Family & Childrens Centre capital grant which was budgeted to be received in the prior financial year - A further unbudgeted grant of \$300,000 received for the Palais Theatre - This is partly offset by \$1.150 million not yet received for Northport Pavillion Redevelopment Stage 2 as funding has been held back for another year.
4.3	Contributions	The favourable variance of \$2.067 million is due to developer contributions received in relation to developments in the St Kilda Road area of \$1.609 million, and St Kilda East of \$446,000.
4.4	Interest	The favourable variance of \$1.244 million is due to an increase in funds available for investment as a result of delays in expending Council's capital program and higher interest rates in the first part of the financial year.
4.5	Other revenue	The favourable variance of \$6.935 million is attributable to the budget not accounting for the receipt of GST refunds of \$6.319 million from the ATO when the 2011/12 budget was adopted in June 2012. In addition, favourable variances resulted from unbudgeted sale of right of ways and rental income increases due to delays in commercial property rental negotiations.
4.6	Payments to suppliers	The unfavourable variance of \$5.839 million is primarily due to the GST allocation \$4.474 million which was not accounted for when the budget was adopted.
4.7	Payments to employees	The unfavourable variance of \$2.870 million is due to the non inclusion of salaries relating to the Streetsahead Joint Venture in the 2011/12 Budgeted Cash Flow Statement.
4.8	Other payments	The unfavourable variance of \$717,000 is primarily due to the GST allocation \$938,000 which was not accounted for when the budget was adopted.
4.9	Payments from property, plant and equipment	The underexpenditure of \$12.631 million is attributable to delays in completing the 2011/12 capital works program requiring \$11.497 million for the 2011/12 program and a further \$8.017 million for the 2010/11 program to be available for completion of planned works.
4.10	Proceeds for property, plant and equipment	The unfavourable variance of \$1.300 million is attributable to a Council resolution during 2011/12 financial year not to proceed with the sale of 174 Nott Street, Port Melbourne.
4.11	Payments for investments	The unfavourable variance of \$5.594 million is due to the budget not reflecting investment transactions and balances but reflecting the overall increase from Council's budgeted cash position as a whole.
4.12	Finance costs	The unfavourable variance of \$96,000 is due to a consolidation adjustment for the Streetsahead joint venture that was not accounted for in the 2011/12 budget.
4.13	Proceeds from borrowings & Repayment of borrowings	Council elected to defer borrowings of \$5 million for planned capital projects to the 2012/13 financial year due to the significant amount of funds currently available for investment. The unfavourable variance of \$267,000 is due to a consolidation adjustment for the Streetsahead joint venture that was not accounted for in the 2011/12 budget.

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDING 30 JUNE 2012

Note 5 - Explanation of Material Variances

REF.	ITEM	EXPLANATION
5.1	Roads	Net under expenditure of \$3.530 million is largely due to delays in expending against the phased budget for various projects including Port Melbourne DCP Rouse Street (\$600,000), Emerald Hill Precinct (\$299,000), Street Scape Work (\$191,000), PSIP- Tennyson and Dickens (\$132,000), Bike Lane Carlisle Street (\$171,000), Streetscape Programs (\$300,000), Sustainable Transport Precinct Project (\$200,000), Luna Park Interchange Stage 2 (\$229,600), Local Area Speed Zones (\$150,000), and Sustainable Public Street Lighting (\$500,000)
5.2	Parks and open space	Net under expenditure of \$4.745 million is primarily due to delays in expending against the phased budget for various projects including Reducing Heat Island Effect (\$182,000), Elwood Foreshore Masterplan (\$1.080 million), Marina Reserve Masterplan (\$1.195 million), Street Tree Planting Program 11-12 (\$698,000), Irrigation Systems Renewal (\$592,000), and Playground Renewal Program 11/12 (\$313,000)
5.3	Buildings	Net under expenditure of \$2.708 million is largely due to delays in expending against the phased budget for various projects including St Kilda Family and Childrens' Centre, Northport Pavilion Redevelopment and the Liardet Street Family & Children's Centre.
5.6	Plant and equipment	Net under expenditure of \$607,000 due to computer hardware purchases and projects not meeting budget expectations
5.7	Asset renewal	Under expenditure of \$5.047 million is largely due to delays in expenditure against the phased budget for the Road Rehabilitation program (\$193,000) and \$4.223 million of expenditure, the majority parks capital projects, being expenditure transferred to operating expenditure due to its nature (eg landscaping, trees etc).
5.8	New Assets - capital works and capital expenditure	Under expenditure of \$6.022 million is largely due to delays in work on the St Kilda Family and Children's Centre, Northport Pavillion Redevelopment and Liardet Family and Childrens Services Centre.
5.9	Asset expansion and upgrade	Under expenditure of \$1.561 million is largely due to delays in expenditure against the phased budget for Gasworks Park Remediation (\$654,000), Palais Theatre Upgrade (\$700,000), Sports Grounds Renewals (\$84,000)

CERTIFICATION OF THE STANDARD STATEMENTS

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



DAVID FILMALTER MBL CA
PRINCIPAL ACCOUNTING OFFICER

Date: 07/09/2012 St Kilda

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

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

We were authorised by the Council on 28 August 2012 to certify the standard statements in their final form on behalf of the Council.



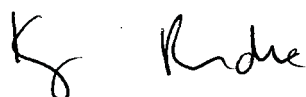
RACHEL POWNING
MAYOR & COUNCILLOR

Date: 07/09/2012 St Kilda



FRANK O'CONNOR
COUNCILLOR

Date: 07/09/2012 St Kilda



KAY RUNDLE
CHIEF EXECUTIVE OFFICER

Date: 07/09/2012 St Kilda

GLOSSARY

ITEM	EXPLANATION
Accrual accounting	System of accounting where items are brought to account and included in the Financial Statements as they are earned or incurred, rather than as they are received or paid.
Accumulated surplus	The value of all net assets accumulated over time.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Assets	Future economic benefits controlled by Council as a result of past transactions or other past events.
Bad and doubtful debts	Bad debts written off and the movement in the bad debt provision for infringement debtors and sundry debtors.
Balance sheet	A quantitative summary of Council's financial condition at 30 June, including assets, liabilities and net equity.
Cash and cash equivalents	Cash and investments readily convertible to cash, including cash on hand, cash held in the bank, deposits at call and highly liquid investments.
Contributions	Contributions received by Council are received for the purpose of providing and improving public open space, provision/improvement of the drainage system and in relation to specific projects.
Comprehensive Income Statement	A financial statement highlighting the accounting surplus or deficit of Council has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation and amortisation expenditure. It also includes other comprehensive income items including net asset revaluation increment (decrement reversal) and share of other comprehensive income of associates and joint ventures accounted for by the equity method, to arrive at a 'comprehensive result'. The comprehensive result equate to the movement in net assets or total equity.
Current assets	Assets where Council expects to receive the future economic benefit within the next twelve months unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current liabilities	Liabilities where Council expects to fulfil its obligation within the next twelve months unless the Council does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.
Depreciation	An expense which recognises the value of a fixed asset as it is used up over time.
Employee benefits	Relates to wages and salaries, casual staff payments, annual leave, long service leave, superannuation, fringe benefits tax, WorkCover and redundancy payments.
Equity	The residual interest in the assets of Council after deduction of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.
Expense	An outgoing payment made by Council.
Finance costs	Interest paid on borrowings.
Fixed assets	See Property, infrastructure, plant and equipment.
Grants – non-recurrent	Grant income received for a 'one off' specific purpose, generally for a particular project.
Grants – recurrent	Grant income received on a regular basis (i.e. quarterly, annually) and granted to Council by another entity for specific or general purposes.
Interest	Includes interest earned on all cash and investment balances, interest earned on rates and unrealised gains on managed fund investments.
Interest bearing loans and liabilities	Council's borrowings.
Liabilities	Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.
Materials and administrative costs	Expenditure incurred in relation to building maintenance, general maintenance, plant and equipment maintenance, office and administration, insurance, registration and Metropolitan Fire Brigade levy, financial and legal costs and information technology costs.
Contact services	Expenditure incurred in relation to all Council's contract payments.
Changes in equity for the period	The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.

GLOSSARY (CONT.)

Net asset revaluation increment(decrement)	This represents the increase (decrease) between the old valuation and new valuation of property and infrastructure asset classes, which were re-valued during the year.
Net assets	The difference between total assets and total liabilities, which represents Council's net worth. Net assets are also equal to total equity.
Net gain (loss) on disposal of property, plant and equipment, infrastructure	The net of income received in relation to the sale of assets and the carrying amount of assets sold, replaced or disposed of during the year.
Non-current assets	Assets where the future economic benefit is not expected to be received within the next twelve months or where the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Non-current assets classified as held for sale	Non-current assets that Council intends to sell within the next twelve months.
Non-current liabilities	Liabilities where the obligation is not expected to be fulfilled within the next twelve months or where Council has a right to defer settlement of the liability for at least twelve months after reporting date.
Other expenses	Includes auditors' remuneration, Councillors' allowances, operating lease rentals, impairment losses, community grants and contributions, training and professional development expenditure, contract settlement expenditure and expenditure incurred in relation to special rate schemes.
Other income	Income received from donations, insurance recoveries, craft markets, festivals, local laws, sale of valuations dataproduct sales, right-of-way sales, transport and other sources.
PERIN	Refers to Penalty Enforcement by Registration of Infringement Notice. A system established under Schedule 7 of the Magistrates Court Act 1989 (Vic) to deal with unpaid fines.
Prepayments	Payments made by Council in advance of receiving the goods or services.
Property, infrastructure, plant and equipment	Often referred to as Fixed Assets. This is the largest component of Council's asset base or worth. This represents the value of all land, buildings, roads, footpaths, drains, bridges, vehicles, plant and equipment and so on, which are recorded on Council's asset register.
Provisions	Includes accrued long-service leave, annual leave, sick leave and rostered days off owing to employees at reporting date.
Rate and garbage charges	Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.
Reserves	Includes the asset revaluation reserve which includes the net revaluation increments and decrements arising from the revaluation of fixed assets in accordance with AASB 1041 'Revaluation of Non-Current Assets'. Other reserves include statutory reserves such as resort and recreation and car park and general reserves where money is held in reserve for specific projects.
Income	Income is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.
Right-of-way	Former laneway no longer required for access to surrounding properties.
Share of net profits (losses) of associates and joint ventures accounted for by the equity method	Council's share of the net profit/loss recognised in its joint venture partnerships.
Statutory fees	Includes parking infringements and costs, PERIN court recoveries, town planning fees, land information certificates and trader parking and street furniture permits.
Surplus (deficit)	Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of associates and joint ventures accounted for by the equity method.
Payables	Monies owed by Council to other entities/individuals.
Receivables	Monies owed to Council by ratepayers and other parties less provisions for doubtful debts.
Trust funds and deposits	Monies received by Council for a specific purpose, which are to be refunded upon a specific event occurring (eg. Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.
User charges and other fees	Income received by Council from a variety of fees and charges such as aged and health services fees, animal and local law fines and registrations, building permits and other charges, child care/children's program fees, debt collection recovery charges, debt collection recovery charges, election fines, recreation fees, library fines and other charges and tow-away charges.
User charges and other fees	Income received by Council from a variety of fees and charges such as aged and health services fees, animal and local law fines and registrations, building permits and other charges, child care/children's program fees, debt collection recovery charges, election fines, recreation fees, library fines, tow-away and other charges.

INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Port Phillip

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2012 of City of Port Phillip which comprises statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the City of Port Phillip are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report and standard statements are free from material misstatement.

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

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of City of Port Phillip as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the City of Port Phillip for the year ended 30 June 2012 included both in the City of Port Phillip's annual report and on the website. The Councillors of the City of Port Phillip are responsible for the integrity of the City of Port Phillip's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
12 September 2012


J D D R Pearson
Auditor-General



PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

NON FINANCIAL PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

INDICATOR	TARGET	ACHIEVEMENT	RESULT	COMMENTS
KEY STRATEGIC ACTIVITY: Implement actions from the communications and engagement strategy OBJECTIVE: Ensure Council decision making is reflective of community values and aspirations				
Actual expenditure against budgeted	\$25,000 +/- 10%	\$0	Not Achieved	The target was based on the original budget provided to undertake market research. This was subsequently determined to be inadequate and the funds were re-allocated to other programs. Action 3.3 of the strategy has not commenced as a result of this funding change.
Percentage of year one actions commenced or completed	95%	98%	Achieved	40 out of 41 year one actions in the Communications and Engagement Strategy have been completed or commenced.
Percentage of staff identified as requiring training that are trained in community engagement process & practices	70%	81%	Achieved	145 staff members were identified to be trained in the use of the process and practices. Of these, 118 received training during the year.
Community satisfaction with Council's engagement with the community in decision making on key local issues	70 (indexed mean)	Unable to Measure	Not Achieved	An achievement figure for this indicator is not available as the question is no longer part of the Department of Planning & Community Development community satisfaction survey.
KEY STRATEGIC ACTIVITY: Implement SOCs and Blocks program from the Towards Zero Strategy OBJECTIVE: To reduce environmental impact from common areas in apartment blocks, and improve the capacity of owner's corporations to respond to climate change				
Actual expenditure against budgeted	\$100,000 +/- 10%	\$107,000	Achieved	Advertising to recruit the target number of apartment blocks resulted in additional expenditure. An option to create a promotional video of the program for future recruitment also used additional resources.
Percentage of project milestones completed on time	95%	100%	Achieved	All program milestones were completed by end of financial year, despite added time for recruitment to the program.
Number of participating apartment blocks	25	22	Not Achieved	Despite additional advertising and time to recruit the target number of apartment blocks, the target was not reached. Eleven small and eleven large blocks participated in the program.
Percentage of participants that report an improvement in their capacity to respond to climate change	70%	70%	Achieved	Of the survey responses received, 70% reported an improvement in their capacity to respond to climate change.

INDICATOR	TARGET	ACHIEVEMENT	RESULT	COMMENTS
KEY STRATEGIC ACTIVITY: Complete the construction of the St Kilda Family & Children's Centre				
OBJECTIVE: Construct a building that will support integrated services that meets the needs of children and families in the local area				
Actual expenditure against budgeted	\$11.5 million +/- 10%	\$6.499 million	Not Achieved	Significant delays in construction occurred during excavation due to soil remediation and utilities relocations.
Percentage of key construction milestones met	95%	12%	Not Achieved	Contract for construction of the new facility was based on a program of 262 days and was executed on 19 February 2011. Site Meeting 1 (13 May 2011) provided a construction program showing Practical Completion on 25 May 2012. Delays due to soil remediation and utilities relocations has impacted on the construction milestones. The current construction program shows Practical Completion being reached on 27 November 2012 and represents an approximate delay of six months. Two out of 17 key construction milestones have been met for the year.
Child care centre capacity	Capacity of 110 places	0	Not Achieved	The new facility was not completed as at the end of 2011/12 financial year. 116 places have been planned for the new facility when operation commences in 2013. This exceeds the anticipated capacity of 110.
KEY STRATEGIC ACTIVITY: Implement the Street Tree Planting program as part of the Greening Port Phillip Strategy				
OBJECTIVE: Implement the Greening Port Phillip Strategy to ensure a healthy and diverse urban forest				
Actuals against forecast	\$700,000 +/- 10%	\$711,000	Achieved	Target has been achieved.
Percentage of intended streets planted	95%	95%	Achieved	41 out of 43 streets were renewed. Two major parks received major planting programs.
Number of trees planted	1400	1414	Achieved	The result includes 477 trees within the 43 street renewals, 678 infill planting across municipality and 259 within parks and reserves.
Increase in the overall number of trees	675	1232	Achieved	There were 182 tree removals which equates to an overall increase of 1,232 trees.

This statement should be read in conjunction with the accompanying notes.

NOTES TO THE PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

Note 1 Definition and description of Key Strategic Activity indicators

KEY STRATEGIC ACTIVITIES

The Key Strategic Activities (KSAs) undertaken during the 2011/12 financial year are listed below. KSAs are a legislative obligation and are to be included as part of the Annual Budget. Performance measures and targets are required for each KSA and the results are reviewed and approved by the Auditor General. The KSAs and their associated results, along with the Auditor General's approval, are then reported in the relevant Annual Report and titled the Performance Statement. The frequency of reporting for all indicators is annually.

KEY STRATEGIC ACTIVITY	INDICATOR	MEASURE	SOURCE OF DATA
Implement actions from the communications & engagement strategy	Actual expenditure against budgeted	The actual spending on the Key Strategic Activity during the financial year compared with the budgeted spending for the financial year.	Powerbudget - Annual Financial Reports
	Percentage of year one actions commenced or completed	The number of year one actions commenced or completed compared to the number of year one actions identified in the Communications & Engagement Strategy and represented as a percentage.	Communications & Engagement Strategy
	Percentage of staff identified as requiring training that are trained in community engagement process & practices	The number of staff members identified as requiring training compared to the number of staff members actually trained on the Communications & Engagement Strategy and represented as a percentage.	Spreadsheet developed to capture records of training
	Community satisfaction with Council's engagement with the community in decision making on key local issues	Indexed result from annual community satisfaction survey for local government (Result No. 5) coordinated by Local Government Victoria.	Department of Planning & Community Development annual community satisfaction survey
Implement SOC's and Blocks program from the Towards Zero Strategy	Actual expenditure against budgeted	The actual spending on the Key Strategic Activity during the financial year compared with the budgeted spending for the financial year.	Powerbudget - Annual Financial Reports
	Percentage of project milestones completed on time	As part of the SOC's and Blocks program a number of milestones will be identified. These milestones will be assessed for timeliness.	Project milestones to be determined - captured in spreadsheet
	Number of participating apartment blocks	Participating apartment blocks will be identified prior to the commencement of the 2011/12 program.	Council Records
	Percentage of participants that report an improvement in their capacity to respond to climate change	The implementation of the program is expected to have a positive affect on participants. Survey will be conducted to evaluate any improvement in capacity to respond to climate change.	Post participation survey

KEY STRATEGIC ACTIVITY	INDICATOR	MEASURE	SOURCE OF DATA
Complete the construction of the St Kilda Family & Children's Centre	Actual expenditure against budgeted	The actual spending on the Key Strategic Activity during the financial year compared with the budgeted spending for the financial year.	Powerbudget - Annual Financial Reports (includes anticipated rollover of \$6 million from 2010/11)
	Percentage of key construction milestones met	The number of key construction milestones completed compared to the number of key construction milestones identified for the project for the year and represented as a percentage.	Project milestones to be determined - captured in spreadsheet
	Child Care Centre Capacity	The actual number of child care places at the centre filled at 30 June 2012.	Council Records
Implement the Street Tree Planting program as part of the Greening Port Phillip Strategy	Actuals against forecast	The actual spending on the Key Strategic Activity during the financial year compared with the budgeted spending for the financial year.	Powerbudget - Annual Financial Reports
	Percentage of intended streets planted	The number of "intended streets" actually planted compared to the number of "intended streets" identified for the year in the Greening Port Phillip Strategy and represented as a percentage.	The Greening Port Phillip Strategy and Council records.
	Number of trees planted	The actual number of trees planted across Port Phillip.	Council Records
	Increase in the overall number of trees	The net increase in the number of trees across Port Phillip from 1 July 2011 to 30 June 2012.	Council Records

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2011/12 financial year is presented fairly in accordance with the Local Government Act 1989.

The statement outlines the performance targets and measures that Council is required by statute to publish as part of the annual report.

The Council Plan sets out these measures in relation to the achievement of the key strategic activities for the 2011/12 financial year.

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

We were authorised by Council on 28 August 2012 to certify the Performance Statement in its final form on behalf of the Council.



RACHEL POWNING
MAYOR & COUNCILLOR
Date: 07/09/2012 St Kilda



FRANK O'CONNOR
COUNCILLOR
Date: 07/09/2012 St Kilda



KAY RUNDLE
CHIEF EXECUTIVE OFFICER
Date: 07/09/2012 St Kilda

INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Port Phillip

The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the City of Port Phillip which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the City of Port Phillip are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the City of Port Phillip in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the City of Port Phillip for the year ended 30 June 2012 included both in the City of Port Phillip's annual report and on the website. The Councillors of the City of Port Phillip are responsible for the integrity of the City of Port Phillip's website. I have not been engaged to report on the integrity of the City of Port Phillip's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
12 September 2012



D D R Pearson
Auditor-General



Council respectfully acknowledges the Yalukit Willam Clan of the Boon Wurrung.
We pay our respect to their Elders, both past and present.
We acknowledge and uphold their continuing relationship to this land.

For more information, please call ASSIST on 03 9209 6777
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For information on City of Port Phillip's services please phone the telephone number
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Cantonese 9679 9810

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Mandarin 9679 9858

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