

CITY OF PORT PHILLIP

ANNUAL REPORT

2012/13



Riders getting ready
for the inaugural Port
Melbourne Bikefest
Photo: Chris Cassar



WELCOME



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ANNUAL REPORT

2012/13

WHO IS THIS REPORT FOR?

This report is designed for a broad readership including members of the community, ratepayers, local businesses, government agencies and departments, and other interested stakeholders. The report is intended to be read online at www.portphillip.vic.gov.au. Hard copies are available to review at your local town hall or library or you can contact Council's ASSIST office to request a copy.

FEEDBACK

Council is committed to continuously improving its Annual Report and welcomes feedback on this Annual Report.

CONTACT COUNCIL

Phone ASSIST on 03 9209 6777 or at www.portphillip.vic.gov.au

This report outlines Port Phillip City Council's activities for the financial year ending 30 June 2013. It consists of eight discrete but interconnected chapters which can be read individually or together. Each chapter is clearly identified by its title and provides a strong story about the particular area.


WHY THIS REPORT IS DIFFERENT?

Our city is changing and our Annual Report is changing too. This year new content has been added to reflect some of the recent demographic changes across the municipality, and to highlight our asset management performance.

Structuring the report in chapters recognises that people are looking for information that is accessible and easy-to-use. Each of the eight chapters tells a different story about Council's activities for the year.

THE CHAPTERS OF THIS REPORT:

- 1 WELCOME
- 2 THE YEAR IN SHORT
- 3 HOW OUR CITY IS CHANGING
- 4 GOVERNING THE CITY
- 5 OUR PERFORMANCE
- 6 WORKING FOR THE COMMUNITY
- 7 COMPLIANCE AND ACCOUNTABILITY
- 8 FINANCIAL AND PERFORMANCE STATEMENTS



Visitors and locals
enjoying a summer day
at St Kilda Beach.



OUR VISION FOR THE CITY OF PORT PHILLIP

**HEALTHY, VIBRANT,
RESILIENT AND ENGAGED**

OUR PLACE

**OUR UNIQUE AND
BEAUTIFUL PLACE BY THE
BAY**

A CITY OF CONTRAST

**LOCAL LIFESTYLE WITH
A GLOBAL OUTLOOK**

MAYOR AND CEO WELCOME

It is with great pleasure that we present the activities of the past year for the City of Port Phillip. Reflecting on the fourth year of the Council Plan 2009-2013, it's been a productive year which has seen the delivery of significant projects for our community, which have been in line with our four Council Plan strategic directions:

- ENGAGING AND GOVERNING THE CITY
- TAKING ACTION ON CLIMATE CHANGE
- STRENGTHENING OUR DIVERSE AND INCLUSIVE CITY &
- ENHANCING LIVEABILITY

Firstly, we would like to acknowledge that we are situated on the traditional land of the Yalukit Wilam Clan of the Boon Wurung, and we continue to pay our respects to their Elders, both past and present. We acknowledge and uphold their continuing relationship to this land and community. We would also like to acknowledge the hard work of previous and returning councillors and former CEO Kay Rundle, who so competently managed the organisation prior to our appointment. A number of the achievements celebrated in this year's annual report can be attributed to a culmination of their hard work over the past four years. It's been a pleasure to join such a well-governed organisation, and we're proud to present the following major achievements for 2012/13.

THE YEAR IN REFLECTION: A FEW HIGHLIGHTS

From the outset, this financial year has delivered some major capital projects. The Marina Reserve sod turning happened in July 2012 and councillors were joined by State Government representatives and community to celebrate this milestone event. In March, we celebrated the official opening of the park, including a state of the art skate area, with hundreds of local residents. The park has been a hit with locals and visitors and has attracted international skateboarding talent.

Another win for families has been the completion of the Bubup Nairn Family and Children's Centre. In June 2013, Council hosted the official open day and crowds of over 1,000 community members came through the building. State and Federal Government also showed their support on the day and in funding contributions. The centre provides additional childcare places for families in Port Phillip and features a range of services under one roof.



Tracey Slatter and
Cr Amanda Stevens
touring the city.

Liardet Street Family and Children's Centre in Port Melbourne is also now well progressed and the official sod turning took place in July 2012. Constructing new facilities for families in Port Phillip is a result of our strong commitment to families and children in our community.

South Melbourne Market also got a much needed renovation, with the installation of a roof over the car park which accommodates 270 car spaces. The roof assists our traders in hot weather to reduce spoilage of their fresh food and has also provided an opportunity to install solar panels and catch rainwater for washing down stalls.

Culturally, our city continues to thrive, with yet another successful St Kilda Music Festival and St Kilda Film Festival. Elwood Village hosted its largest festival yet, and Council worked in close partnership with traders to see this great event come to fruition. Our markets continue to thrive, and a new website for the Esplanade Market was launched this year, as well as lots of exciting new programs at the South Melbourne Market.

A number of key community events were also hosted including sustainability events to raise awareness and urge action at the grassroots level in response to climate change, our annual Pride March event and Seniors Week events, championing our desire to have an inclusive and welcoming city. Other events included our summer campaign No Cuts, No Butts, to reduce glass and litter on our beaches and foreshore, Diversity Day, the Annual Homelessness Memorial, and several impressive art exhibitions at the St Kilda Town Hall.

A couple of significant changes have also occurred this year, including the election of new and returning councillors following the local election in October 2012 and the appointment of our new CEO. Our first piece of strategic work has been to develop a new four year council plan which sets out our key objectives and areas of focus.

OUR FUTURE FOCUS

With all this action, we have also been focussed on a continuing commitment to planning for the future. In particular, Council has been having ongoing conversations with our community about the St Kilda Triangle Vision which was adopted this past year, after two and half years of hard work by the officers and councillors. Progressing the delivery of this vision is a high priority.

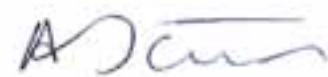
Another major priority for this Council is the Fishermans Bend Urban Renewal Area – Australia's largest urban renewal project. This new area will need to be carefully planned to ensure more people can enjoy our unique beachside lifestyle and the services we offer, close to the CBD. Our focus will also be on support to our existing villages to be more vibrant both culturally and economically, and we will work with our local partners to have an ongoing focus on this initiative. This work will continue to be underpinned by a strong commitment to sustainability, taking into account climate change and building resilience in our community and infrastructure in response to this.

Starting from a solid organisational baseline, over the next four years we plan to deliver an ambitious and aspirational agenda. We will work with our community every step of the way and aim to deliver continually improving services and value for our city. We will maintain prudent management of our financial affairs with a strong focus on efficiency and enhance the vibrancy of our whole city. We will work productively with our key community, our staff, business and government stakeholders to ensure that we capitalise on opportunities and improve service delivery to meet current and future needs.

Our vision for the future will be to continue to have and further build an engaged, healthy, resilient and vibrant community. Critical to this success will be our internal focus on efficiency gains, and improved processes and systems to better service our community. Over the past three months we have spent some time getting to know our local communities, and what better way to do that than using the amazing cycling networks in our city. We look forward to the opportunities and challenges that lie ahead.



Tracey Slatter
CEO, City of Port Phillip



Cr Amanda Stevens
Mayor, City of Port Phillip

WELCOME CITY OF PORT PHILLIP COUNCILLORS



Cr Anita Horvath
Emerald Hill Ward



Cr Serge Thomann
Catani Ward



Cr Bernadene Voss
Sandridge Ward



Cr Andrew Bond
Junction Ward



Cr Jane Touzeau
Point Ormond Ward

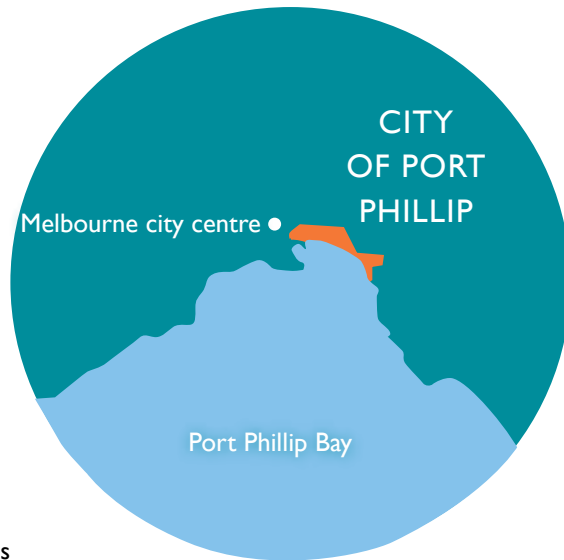


Cr Vanessa Huxley
Carlisle Ward

OUR PLACE

The City of Port Phillip is located south of the Melbourne city centre, on the northern shore of Port Phillip Bay.

The City of Port Phillip is a diverse community and has experienced many changes over time. Port Phillip is the smallest and most densely populated municipality in Victoria. St Kilda is the largest of Port Phillip's neighbourhoods and South Melbourne is the smallest. The City attracts a large number of visitors (approximately four million) each year who come to enjoy our vibrant villages and local festivals.



The City of Port Phillip is known and treasured for its urban village feel and artistic expression. Heritage buildings, distinct shopping precincts, and tree-lined streetscapes have shaped it as a city of defined neighbourhoods. The major village precincts of Bay Street (Port Melbourne), Clarendon Street (South Melbourne), Fitzroy and Acland streets (St Kilda) and Carlisle Street (Balaclava) provide a variety of retail, leisure and entertainment experiences, each with their own character and cultural expression.

A number of significant employment areas sit within Port Phillip, including the St Kilda Road office district and the industrial, warehousing and manufacturing districts in South Melbourne and Port Melbourne.

The foreshore stretches over 11 km, and a network of public open spaces makes the City a desirable place for residents and visitors alike to enjoy. It is well served by public transport, with a substantial network that includes the St Kilda and Port Melbourne light rail lines, two railway stations on the Sandringham line and various tram and bus routes.

As a sought-after inner city area of Melbourne the City continues to experience significant residential development, with substantial growth anticipated within the northern edge of Port Phillip. Valuing the history, ensuring a sense of place and planning for the future of a dynamic and evolving city will continue to present a challenge.

Whilst the average household size in Port Phillip is small there are many families living here. Port Phillip has one of the most highly educated communities compared with other metropolitan councils. Although there are a number of wealthy households, approximately 16% of households are classified as low income and almost 8% of our residents live in social or public housing.

The rich diversity and depth of community and individual experience is the greater story that brings life and expression to the City of Port Phillip and will continue to play a significant role in shaping its future.



String quartet from the Australian National Academy of Music perform in an Acland Street laneway as part of the St Kilda Festival.





THE YEAR IN SHORT

Skateboarders test out the new bowl at Marina Reserve.

Photo: Brent Shipley



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OUR PERFORMANCE AT A GLANCE

Council's performance for 2012/13 was focused on the delivery of four strategic directions: Engaging and Governing the City, Taking Action on Climate Change, Strengthening our Diverse and Inclusive Community, and Enhancing Liveability. Detailed information about Council's performance is available in Chapter 5: Our performance.

ENGAGING AND GOVERNING THE CITY	TAKING ACTION ON CLIMATE CHANGE	STRENGTHENING OUR DIVERSE AND INCLUSIVE COMMUNITY	ENHANCING LIVEABILITY
INDICATORS OF SUCCESS			
3 on track ✓✓✓ 1 not on track – minor ✗ 1 not on track – major ✗	4 on track ✓✓✓✓ 1 not on track – minor ✗ 1 not on track – major ✗	1 on track ✓ 2 not on track – minor ✗✗	8 on track ✓✓✓✓✓✓✓✓
DELIVERY OF COUNCIL PLAN ACTIONS			
13 completed 6 on track 1 not on track – minor	8 completed 13 on track 1 not on track – minor	13 completed 8 on track	15 completed 15 on track 7 not on track – minor
HIGHLIGHTS FROM OUR YEAR			
Delivering \$41.4 million capital works projects New Council Plan sets out a vision for the City of Port Phillip	100 people launch the Sustainability Community Access Network New roof for the South Melbourne Market improves sustainability Harvesting 100,000 litres of water through in a joint project with the City of Glen Eira	Reconciliation Action Plan was recognised at a federal level Bubup Nairm Family & Children's Centre in St Kilda opens and construction starts at the Liardet Street Family and Children's Centre in Port Melbourne	Report shows serious injury collisions were reduced by 45% since 2007 CitiPower Port Phillip Business Excellence Awards recognise local businesses Adoption of the St Kilda Triangle Vision 2012 establishes a plan for the future of the site
CHALLENGES WE FACED			
Improving the tools which help us better manage our assets	Working with our partners to replace existing street lights with more sustainable options	Continuing to meet the needs of our diverse community	Ministerial changes to planning zones delay proposed planning scheme amendments and rezoning of the Fishermans Bend precinct Ensuring the future of our local lifesaving clubs
MORE INFORMATION			
Refer to pages 52-59	Refer to pages 60-67	Refer to pages 68-73	Refer to pages 74-83



City of Port Phillip councillors participate in a smoking ceremony before their official swearing in as councillors.
Photo: Tim Turner

HIGHLIGHTS FROM OUR YEAR



JULY 2012

TURNING THE SOD
State Government representatives joined with Council to celebrate the turning of the first sod at Marina Reserve.

The sod was also turned at the new Port Melbourne Family and Children's Centre in Liardet Street.



FREESTYLE FEVER 8: UNDER 18 BREAKING COMPETITION
Freestyle Fever 8 attracted 55 solo dancers and 21 dance crews to the St Kilda Town Hall for the biggest youth hip hop competition in Victoria, attended by over 300 spectators, past competitors and families.

AUG 2012

ST KILDA FILM FESTIVAL ON TOUR
The 2012 St Kilda Film Festival Tour took in Nhill, Hamilton, Mildura, Charlton, Mallacoota, Bairnsdale, Cohuna and Bendigo.



ST KILDA TRIANGLE VISION GETS GREEN LIGHT
Council adopted the final Vision for the St Kilda Triangle Site after two-and-a-half year's work and detailed community consultation. More than 1,000 people participated in the process



SEPT 2012

2012 CITIPOWER PORT PHILLIP BUSINESS EXCELLENCE AWARDS
At a glittering awards gala in Melbourne, 10 business owners and operators received recognition for business excellence and innovation.



TREE PLANTING FOR SINGLES
Our 'Planting for Singles' EnviroEvent attracted 30 people to St Kilda Junction who planted over 500 indigenous plants.

OCT 2012

100 YEARS OF LUNA PARK



LOCAL ELECTION
Voters turned out on Saturday 27 October to elect their local representatives. The incoming Council was sworn in on 30 October for a four-year term.

CITY OF PORT PHILLIP CEO RETIRES
After 31 years of service, including three-and-a-half as CEO of the City of Port Phillip, Kay Rundle, retired from local government.

NOV 2012

UPCYCLING FASHION AND CRAFT WORKSHOP
35 people participated in a craft and fashion 'make it yourself' workshop where they learned how to make simple things from recycled materials.



LAUNCH OF SUSTAINABILITY COMMUNITY ACTION NETWORK (SCAN)
Over 100 people demonstrated their commitment to take action on climate change by attending the launch of SCAN.

DEC 2012

ELWOOD FESTIVAL
Elwood traders, supported by the City of Port Phillip, hosted the largest Elwood Village Festival yet.



JCAA END OF YEAR CELEBRATION

Joint Councils Access for All Abilities is a joint program between the Cities of Bayside, Port Phillip, Glen Eira and Stonnington that provides sport, recreation and arts opportunities for people with disabilities.



JAN 2013

FREE WIFI IN THE ST KILDA TOWN HALL
The temporary closure of the St Kilda Library during its refurbishment saw many visitors taking advantage of this service in the town hall.



NO CUTS NO BUTTS
Cigarette butt and glass litter on our beaches has reduced significantly following the third year of the No Cuts No Butts campaign.

FEB 2013

18TH ANNUAL PRIDE MARCH

ST KILDA FESTIVAL



RECOGNISING OUR RECONCILIATION ACTION PLAN
Our Reconciliation Action Plan was invited to a showcase at Federal Parliament.

2013 CONVERSATION TENTS
Over 300 people contributed their ideas and hopes for the future of Port Phillip at our series of seven conversation tents across local neighbourhoods.

MAR 2013

DIVERSITY DAY

ST KILDA FILM FESTIVAL

FIRST FAMILY ATTENDED THE NEW BUBUP NAIRM FAMILY AND CHILDREN'S CENTRE

NEW ROOF FOR SOUTH MELBOURNE MARKET
The new roof over 270 car spaces has solar panels and collects rain water.

INAUGURAL ELECTRIC VEHICLE FESTIVAL



MARINA RESERVE OPEN DAY
This popular event included activities for the whole family such as Tai Chi and yoga classes, a bike doctor, kite workshop, skateboarding demonstrations and clinics, and a free BBQ.

APR 2013

JUST LOOK CAMPAIGN
encourages beach users to share paths and public spaces.



EXHIBITIONS IN THE ST KILDA TOWN HALL
Featuring East Timorese food and local artists, a number of exhibitions were held at the Town Hall Art Gallery across the year.

ADAPTATION WILL PROTECT COASTAL COMMUNITIES
Research commissioned jointly by all levels of government, found that with timely adaptation actions, residents are economically better off to stay in coastal areas.

MAY 2013

PORT PHILLIP VOLUNTEER EXPO
The Port Melbourne Town Hall hosted over 28 organisations and 150 community members interested in volunteering.



THE CITY OF PORT PHILLIP WELCOMES NEW CEO
Ms Tracey Slatter commenced as CEO, bringing with her over 20 years of diverse leadership experience.

JUNE 2013

13TH ANNUAL HOMELESS MEMORIAL AT PEANUT FARM RESERVE

ADOPTION OF COUNCIL PLAN AND BUDGET

START OF CONSTRUCTION AT BALACLAVA STATION
Council welcomed this State Government initiative to improve station access with new ramps, stairs, wider platforms and station facilities that are fully accessible

BUBUP NAIRM FAMILY & CHILDREN'S CENTRE OPEN DAY
Dora the Explorer joined councillors for the official opening of the centre which features a range of family and children's services under one roof.



WHAT YOU GOT FOR

\$1000

Council delivers a broad range of services to a diverse community of residents, traders, business owners, and visitors. In 2012/13 it cost \$177 million to deliver these important services and to operate the City of Port Phillip.

The list below represents a \$100 breakdown of the cost to deliver these services in 2012/13 in several broad categories. More detail about each of these services is available in Chapter 3: How our city is changing.

Family, children & youth services	\$4.72
Community care, ageing, access & disability services	\$2.71
Public health & animal management	\$1.02
Arts & festivals	\$3.02
Libraries	\$2.95
Community development	\$1.87
Environmental sustainability	\$2.13



Managing & maintaining assets (roads, buildings, footpaths)	\$9.51
Parks, foreshore & open space	\$7.51
Economic development & tourism	\$0.96
Street & beach cleaning	\$4.53
Waste management	\$6.92
Planning & building services	\$0.88
Precinct planning for the future (e.g. Fishermans Bend)	\$2.43
Transport planning, projects & parking management	\$6.87
Governance	\$5.33
Financial management	\$2.87
Customer service, communications & consultation	\$3.17
Organisational support & systems	\$7.96
Capital works	\$22.64
TOTAL	\$100.00



FINANCIAL PERFORMANCE IN SHORT

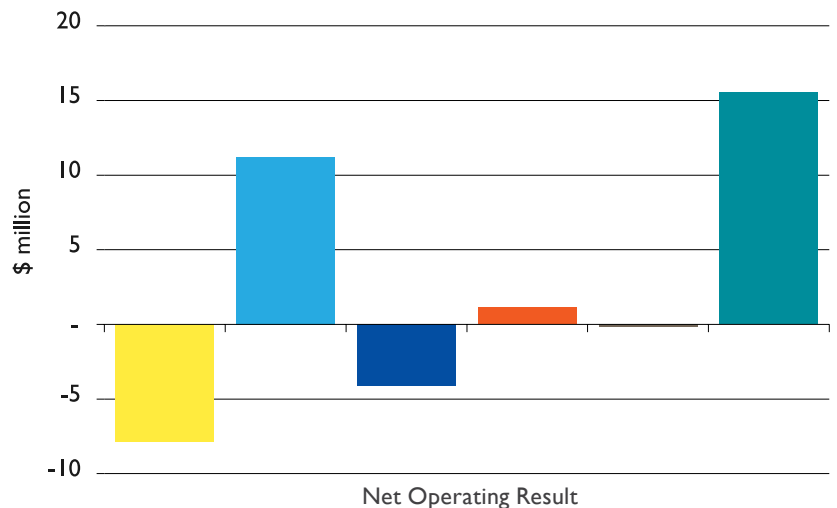
In 2012/13 our financial management focus has been on reviewing Council’s forward financial plan and capital works program to identify funding options for the defined benefits superannuation liability of \$11 million, accrued in the previous financial year. While not unexpected, the scale of this liability caught Council and the sector by surprise and it was only advised of the extent of this liability after the adoption of the annual budget.

This review recommended the deferral of a number of capital works projects (\$9.8 million in total) as the principal source for funding this obligation. Following the mid-year budget review Council provided an additional \$800,000 in the budget. This enabled the liability to be repaid in full in July 2013 without resorting to new borrowings or having an abnormal rates increase. The review of the capital works program also enabled Council to address the significant backlog of capital works projects that were being carried forward from year to year. This has resulted in reduction in the capital works roll over from approximately \$19.5 million to \$5.9 million and should make the delivery of future capital works programs more achievable.

Another feature of the past year has been the volatility of Council’s revenue, with abnormally high revenue from developer open space and infrastructure contributions (\$7.9 million) as well as contributed assets totalling \$4.1 million. Council also benefited from higher parking infringement rates and improved enforcement, lifting parking revenue by \$3.8 million to \$29.9 million. On the expenditure side, contract services expenditure was impacted by the carbon price which had a significant impact on waste management costs and a smaller flow through impact on a number of other contracts. The carbon price also affected the cost of electricity which continued to increase well above inflation.

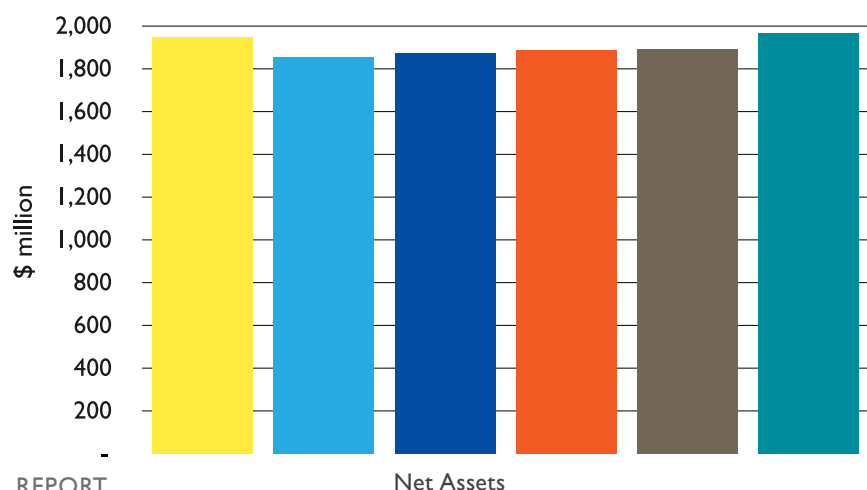
NET OPERATING RESULT

Sustaining a net operating surplus is a critical financial strategy that provides Council with the capacity to renew the \$1.9 billion community assets that it controls. Income and expense growth is steady however volatile results over the years are due to the impact of one-off items. These include transfers to Council of the St Kilda Triangle site, housing assets from Council to the Port Phillip Housing Association in 2007/08, the \$5 million settlement for the St Kilda Triangle 2009/10, the \$11 million defined benefit superannuation call in 2011/12, and \$7.9 million revenue from developer contributions and donated assets in 2012/13.



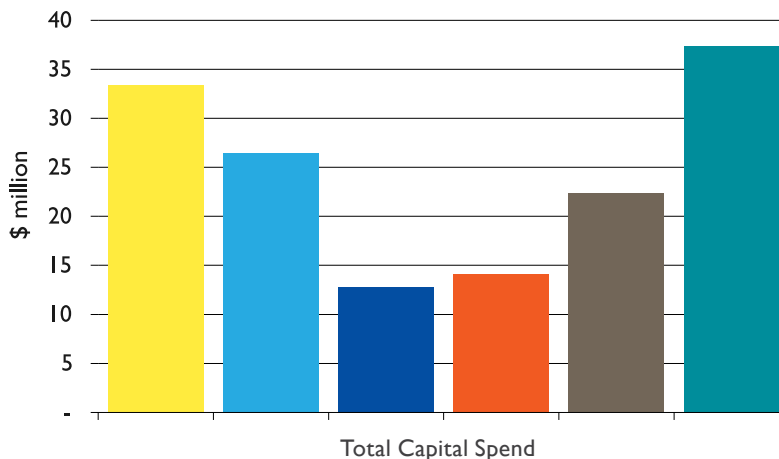
NET ASSETS

The main driver for changes in the value of Council’s net assets is the impact of asset revaluations which take place over a rolling three-year cycle. While these normally result in valuation increases, there was a significant land revaluation decrement of \$110 million which resulted from the Global Financial Crisis.



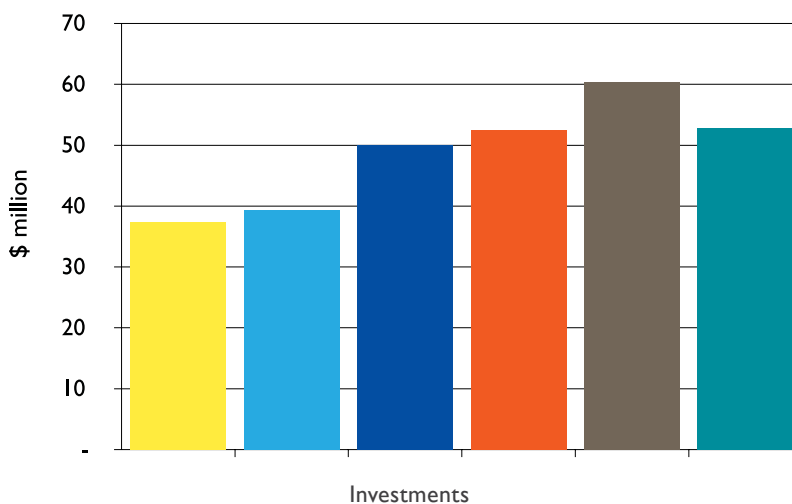
TOTAL CAPITAL SPEND

Delays in the completion of major projects in previous financial years have contributed to lower capital expenditure, particularly in 2010 and 2011. The capital works program has been significantly expanded in recent years and the improved delivery and completion of major projects in recent years has turned this trend around.



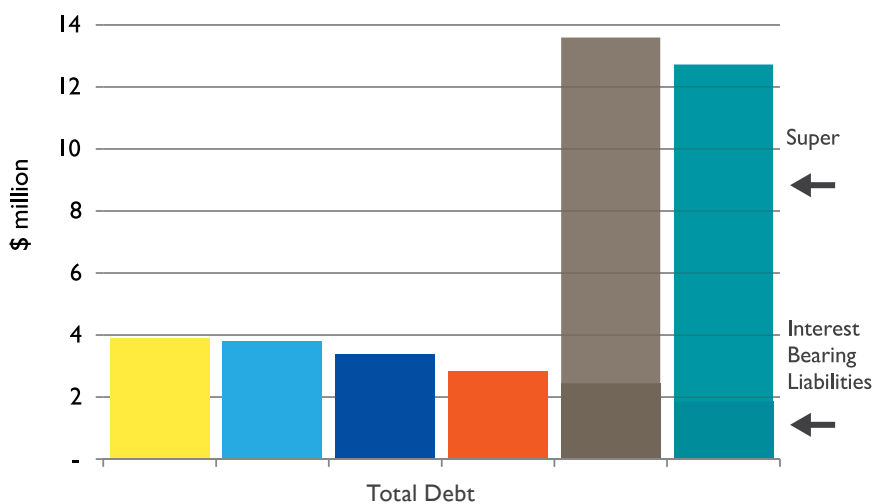
INVESTMENTS

Council's conservative fiscal approach, with a focus on cost containment and appropriate application of cash-backed reserves, has enabled it to build up its cash-based investment portfolio. Delays in delivering the capital works program in previous years have also contributed to growth in investments. The completion of some major projects in 2012/13 has rebalanced this and the repayment of the superannuation liability will result in a further reduction in the level of funds available for investment in 2013/14.



TOTAL DEBT

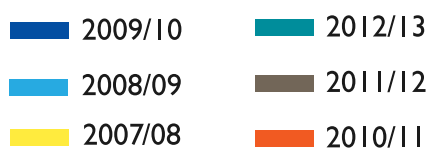
Council's strong financial position has resulted in a downward trend in interest-bearing liabilities as it has managed to internally fund major projects. In 2011/12 a liability for the Vision Super defined benefits shortfall was recognised and reported in 2012/13. This liability was settled in full in July 2013. Council's forward financial plan has provided for new borrowings of \$7.5 million which will be applied as a capital works funding source.



LOOKING AHEAD

Council is expected to face a number of challenges in its role as a place manager which will require it to review, plan and implement several major projects across the municipality. The proposed Fishermans Bend Urban Renewal Area will require Council to further review its forward financial capacity to fund required community infrastructure and open space acquisitions that may be required.

David Filmlter
Chief Financial Officer



Sustainable art
installation using
recycled rubbish.



DEVELOPING OUR FUTURE FOCUS

Each newly elected Council is required to develop a new Council Plan that sets out objectives and strategies for achieving its vision over the next four years.

The development of the City of Port Phillip Council Plan 2013-17 involved the analysis of long-term trends and community needs using information from a range of sources. These included 2011 Census data, information from 500 surveys and a series of consultations with a range of stakeholders gathered through the development of the 2007-2017 Municipal Health and Wellbeing Plan. This information helped councillors determine four overall themes.

Throughout February and March 2013, Council hosted a series of seven informal conversation tents at local markets and shopping strips to give people an opportunity to share their priorities across the four themes identified by councillors. All ideas raised at the tents were immediately posted to an online discussion forum so that people could continue to participate in the conversation away from the tents. Over 300 people participated and these conversations helped shape the draft Council Plan 2013-17.

The draft Council Plan was released for public review in May 2013. Council was delighted with the level of interest from community members, represented by the significant number of submissions received. These submissions helped finalise the Council Plan 2013-17.

Council adopted the Council Plan 2013-17 and 2013/14 Budget on 25 June 2013.

OUR FUTURE FOCUS

The Council Plan 2013-17 consists of 16 objectives that are framed around four focus areas. The delivery of each objective is supported by key actions and progress will be measured by a number of indicators. These are detailed below.

ENGAGED – A WELL-GOVERNED CITY

- 1.1 Provide clear and open communication and engagement that is valued by the community
- 1.2 Value transparent processes in Council decision-making
- 1.3 Build and facilitate a network of active and informed communities
- 1.4 Build strategic relations with our partners
- 1.5 Achieve a reputation for organisational and service excellence

HEALTHY – A HEALTHY, CREATIVE & INCLUSIVE CITY

- 2.1 Ensure our City is a welcoming and safe place for all
- 2.2 Support our community to achieve improved health and wellbeing
- 2.3 Ensure quality and accessible family, youth and children's services that meet the needs of our community
- 2.4 Foster a community that values lifelong learning, strong connections and participating in the life of the City
- 2.5 Promote an improved range of cultural and leisure opportunities that foster a connected and engaged community

RESILIENT – A RESILIENT CITY

- 3.1 Build resilience through Council action and leadership
- 3.2 Support and increase community action for a resilient city

VIBRANT – A VIBRANT CITY

- 4.1 Encourage viable, vibrant villages
- 4.2 Ensure growth is well planned and managed for the future
- 4.3 Improve and manage local amenity and assets for now and the future
- 4.4 Ensure people can travel with ease using a range of convenient, safe, accessible and sustainable travel choices

An aerial photograph of the South Melbourne Market in Melbourne, Australia. The market is a long, low-profile building with a distinctive white, gabled roof structure. The surrounding area includes residential buildings, trees, and a street with a crosswalk. A large white circle is overlaid on the top left of the image, containing the title text.

HOW OUR CITY IS CHANGING

Architect's impression of the new environmentally friendly roof over the South Melbourne Market.

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CHALLENGES FOR A CHANGING CITY

The City of Port Phillip faces a number of challenges that call for careful and deliberate policy development and responses from Council. Tackling these challenges requires strong forward planning that balances the needs of our diverse and changing communities.

A GROWING MUNICIPALITY

Despite being one of the smallest municipalities geographically, the City of Port Phillip is anticipating significant population growth, particularly in the northern part of the municipality. This growth, coupled with changing demographics, has increased pressure on infrastructure and community facilities. Council is committed to undertaking the necessary forward planning to ensure that community infrastructure, both physical and social, is funded and delivered to support the changing needs of current and future communities.

ADAPTING FOR A CHANGING CLIMATE

Our climate is changing and this will change the way we live in the City of Port Phillip. Increased frequency of rainfall in combination with sea level rise will see the municipality become more flood prone. This is a complex challenge that requires Council to work together with water authorities, State Government and members of the community to better understand the issues, develop mitigation plans and promote awareness in the wider community.

MAINTAINING A CREATIVE AND VIBRANT CITY FOR EVERYONE

The City of Port Phillip is a diverse, multicultural city where people have different experiences and backgrounds. Ensuring there are opportunities for all continues to be an ongoing challenge.

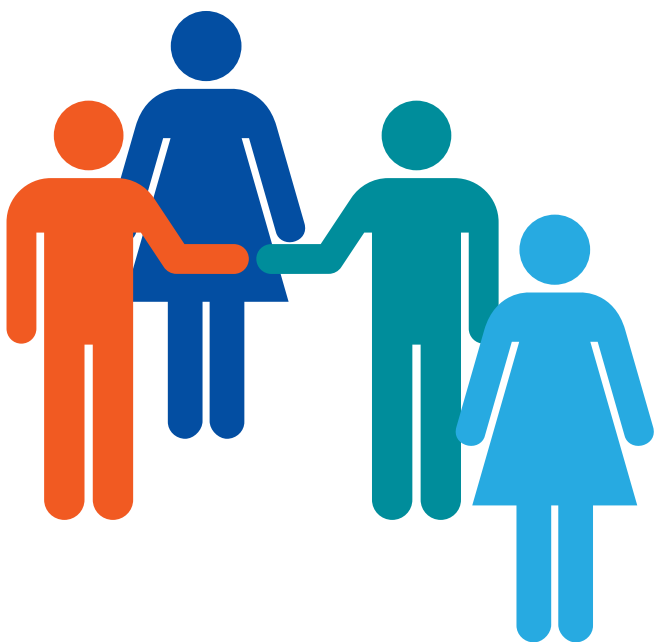
Home of the St Kilda Festival, one of the largest music festivals in Australia, Port Phillip prides itself on its reputation as a city that supports diverse arts and cultural activities. Balancing the sometimes conflicting needs of residents and visitors requires an innovative approach to get the best community outcome for all.

Aerial view of Fishermans Bend



OUR CHANGING DEMOGRAPHICS

Council depends on reliable information about the community to plan for the future and inform good decision-making that meets the changing needs of the community.



An important source of information is the Census of Population and Housing, collected by the Australian Bureau of Statistics (ABS) every five years (most recently 2011). On 9 August 2011, 93,704 people were counted as spending the night in Port Phillip, including residents, friends, family and 2,178 overseas visitors.

Once adjustments have been made to account for Census undercount and residents who were temporarily overseas on Census night, the Estimated Resident Population* (ERP) for 30 June 2012 is reported as 99,891 people.

HOW IS OUR POPULATION CHANGING?

The City of Port Phillip's ERP continues to increase, growing by nearly 25% since 2001 (from 80,054 at 30 June 2001). In the same period between the 2001 and 2011 censuses, the number of private dwellings increased from 44,467 to 52,270 or nearly 18%.

The 25-49 age group remains dominant making up over half the population (53.4%). While the Greater Melbourne area has an ageing population, the City of Port Phillip has fewer residents aged over 80 (2.7% of the population) compared with the previous Census. At the opposite end of the age spectrum, we are seeing an increase in pre-school and primary school aged children.

* The Estimated Resident Population (ERP), also known as the official population count provides a 'point in time' population count for 30 June each year, based on the usual resident population and including adjustments for Census undercount, residents who were temporarily overseas on Census night, births, deaths, internal migration and overseas migration.

25%
population growth

25-49
age group dominates



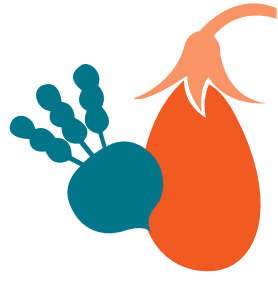
WHO DO WE LIVE WITH?

Households in Port Phillip are smaller than the Greater Melbourne region. The 2011 Census shows 39.4% of households comprise a lone person (the dominant household type) compared to 23.3% lone households across the larger urban area. Households with two persons comprise 39% of all Port Phillip households, compared to 32% across Greater Melbourne. As a further demonstration of the smaller household size in Port Phillip, only 14% of households are made up of couples with children compared with 34% in Greater Melbourne.



HOW DO WE LIVE?

The proportion of high density dwellings continues to increase, with an additional 2,134 dwellings in this category between 2006 and 2011. The 2011 census demonstrates that medium and high density housing represents 85% of the dwelling stock in Port Phillip, compared to 28.3% in Greater Melbourne. Dwellings are relatively small, with 65.5% having only one or two bedrooms (compared to 24.8% across Greater Melbourne).



While 41% of households in Port Phillip are purchasing or fully own their home, Port Phillip has twice the Melbourne average of renters (representing 50% of households). A large number (39.8%) of those households are paying more than \$400 per week in rent (also about twice the Melbourne average). The median rent was \$365 compared to \$300 across Melbourne.

HOW DO WE GET AROUND?

City of Port Phillip residents are environmentally aware and have the benefit of good access to public transport. This is reflected in residents using higher levels of sustainable modes of transport to get around than the Greater Melbourne average. While traffic and parking continue to be important issues in our community, the rate of car ownership is significantly lower in Port Phillip.



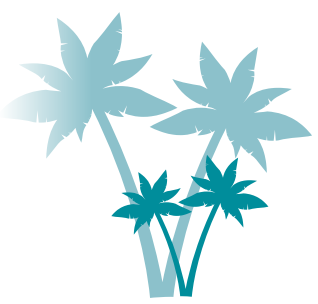
WHERE DO WE COME FROM?

The City of Port Phillip is a diverse, multicultural city. In 2011, we saw an increase in residents who were born overseas. However, the traditional countries of migration are shifting, with a decline in the number of residents born in Greece, Poland and Russia. Conversely, Port Phillip is now experiencing a notable increase in residents born in India and Ireland. The largest group of residents born overseas continues to be from the United Kingdom.



PLANNING FOR A CHANGING COMMUNITY

In combination, these demographics and trends show how our city has changed over the last 10 years and are an important tool to help us to plan for the future and provide the services our community needs.



DELIVERING SERVICES TO A CHANGING COMMUNITY

Council provides a diverse range of important services to support the community. As the needs of our community change our services also change to meet to these needs. The following is a snapshot of some of the services provided by Council and statistics that show how these services have changed over time. The symbols next to the statistic provide an indication of whether that service has increased (▲), decreased (▼), or stayed the same (■) between this year and the previous year.

MATERNAL AND CHILD HEALTH SERVICES

- 1,385 babies born ▲
- 80 community immunisation sessions ▼
- 3,154 attendances by children to immunisation sessions ▲



CHILDREN'S SERVICES

- 3,863 vacation care enrolments ▲
- 4 children camps ■
- 61 children camp enrolments ▼
- 3,286 enrolments in JCAAA programs ▲
- 8 family day care staff ▼
- 104 children attending family day care ▲

1,551 CHILDCARE (LONG DAY CARE) PLACES ▲

NUMBER OF CHILDCARE PLACES BY CENTRE

Community Managed

Ada Mary A'Beckett Children's Centre	119	▲
Albert Park College Child Care Centre	37	▲
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 Childcare Co-operative	40	■
The Avenue Children's Centre	38	■



Council managed

Bubup Nairm Family and Children's Centre (new)	116	■	Clark Street Children's Centre	65	■
Coventry Children's Centre	60	■	North St Kilda Children's Centre	77	■

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	■			

KINDERGARTENS

534 KINDERGARTEN PLACES

Albert Park	48	▼
Civic	23	■
Lady Forster	49	▼
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 SERVICES

\$204,143 in government grants	■
2,470 target hours provided	■



AGED AND DISABILITY SERVICES

2,070 ACTIVE HOME CARE CLIENTS	▼
29,472 hours of general home care provided	▼
653 hours of meal preparation provided	▲
6,107 hours of personal care provided	▼
4,168 hours of home maintenance service provided	▼
3,783 individual respite care visits	▲
55 families with home-based respite care	▼
10,240 hours of respite care provided	▲
7,003 hours of shopping provided	▼
6,533 hours of core social support provided	▲
8,902 hours of high priority social support provided	▲



COMMUNITY MEALS

40,032 meals delivered	▲
352 clients receive delivered meals	▲
\$7.90 is the cost per meal per recipient	▲
1,960 centre-based meals provided	▼
74,649 meals are subsidised	▲
116,641 meals are provided	▲



VOLUNTEERS

15 community access volunteers	▲
0 food services volunteers	▼

COMMUNITY TRANSPORT

1,958 trips made on the community bus	▲
2 routes across our city	■
9 runs each day	▼
121 stops across our city	▼
28,884 passengers per annum	▼



ARTS & FESTIVALS

285 filming permits issued ▲
 400,000 people attended the St Kilda Festival (new)



LIBRARIES

509 programs held ▼
 38,737 program attendees ▲
 22,458 new books bought this year ▼
 6,338 inter library loans ▼
 647,899 loans made at our five libraries ▼
 655,849 visits to our five libraries ▼



BREAKDOWN BY LIBRARY

St Kilda Library

Loans 406,942 ▼
 Visits 365,182 ▼

Port Melbourne Library

Loans 89,434 ▼
 Visits 111,257 ▼

Albert Park Library

Loans 117,658 ▼
 Visits 141,636 ▼

Middle Park Library

Loans 12,185 ▼
 Visits 5,906 ▼

Emerald Hill Library

Loans 21,680 ▼
 Visits 31,868 ▼



SPORT FACILITIES

4,382 bookings across 14 sporting reserves ▲

BOOKINGS BY SPORTING RESERVE

North Port Oval 237 ▼
 Elwood Primary School Oval 104 ▲
 Peanut Farm Oval 449 ▲
 Alma Park Oval 349 ▲
 Lagoon Oval 489 ▲

Elwood Reserve

Wattie Watson Oval 335 ▲
 Esplanade Oval / cricket ground 486 ▼
 Head Street cricket ground A 331 ▲
 Head Street cricket ground B 278 ▼

J.L. Murphy Reserve

Anderson Oval 1 364 ▲
 Anderson Oval 2 364 ▲
 G.S. Williams Oval 70 ▼
 A.T. Anenson Oval 315 ▲
 J.M. Woodruff Oval 211 ▼



COMMUNITY CENTRES

11 community centres ▼
 165,719 visitors ▼
 11,288 bookings ▼
 166 permanent community group bookings ▲
 24 permanent semi-commercial bookings ▼
 940 casual hires ▼



INFRASTRUCTURE SERVICES

\$1,491 million road resurfacing budget ▲
\$24.58 million maintenance budget (contract payments) ▲
\$200,000 funding for Roads to Recovery ■
221km of roads maintained ▼
173,014m² of area was seasonally mowed (ovals) ▲
176ha of reserves and gardens were maintained ▲
12,083 drainage pits inspected ▼
3,136 playground inspections ▲
1,170 net increase in new trees ▲
135 Council vehicles were maintained ▼



WASTE SERVICES

37,568 waste collection pickups each week ▲
33,024 recycling collection pickups each week ▲
13,358 hard and green waste collections ▲



PROPERTY SERVICES

123 property leases and licences managed by Council ▲
4,810 building maintenance requests were processed ▼

SOUTH MELBOURNE MARKET

3,763,349 visitors to South Melbourne Market this year ▲

COMMUNICATIONS AND ENGAGEMENT

40 consultations hosted by Council on key issues ▲



ASSIST CUSTOMER SERVICE

44,730 interactions at Council service centres ▼
75% of Assist phone calls answered within 30 seconds ▼
116,159 phone calls answered by ASSIST ▼
39,952 administration tasks answered by ASSIST ▲

MEETINGS AND EVENTS

130 weddings were held in parks and open spaces ▲
10 community events were held in parks and open spaces ▼
45 community events in council halls ▼



SUSTAINABILITY

5,245 participants in Sustainability Programs ▲

TOWN PLANNING

1,629 planning applications received ▼
1,213 planning applications approved ▼
4 planning applications cancelled ■
24 planning applications withdrawn (by applicant) ▼
27 applications did not require a permit ▲
277 notices of decision issued ▼
48 refusals issued ▼
9 applications vacated ▼
27 applications lapsed ▲



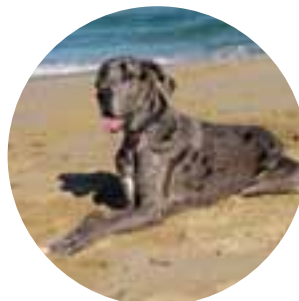
HEALTH SERVICES

- 2,827 registered premises inspections undertaken
- 267 food samples analysed
- 98 prescribed accommodation inspected
- 201 hairdresser, tattoo and beauty parlour inspections
- 46, 389+ discarded syringes collected through the Community Clean-up program
- 200 reports of public health nuisance reviewed
- 205 food premises complaints received



ANIMAL REGISTRATIONS

- 6,013 dog registrations processed
- 2,934 cat registrations processed
- 165 dogs impounded
- 118 cats impounded



COMPLIANCE SERVICE REQUESTS

- 82 reported cases of stray cats (feral or trespassing)
- 117 reported cases of dogs (wandering at large)
- 73 reported cases of dog attacks
- 289 reported cases of barking dogs
- 54 parking office complaints
- 1,101 abandoned vehicles reports
- 164 unsightly property reports
- 613 requests for litter investigation



PARKING PERMITS

- 963 blue disabled parking permits issued
- 81 green disabled parking permit issued
- 6,027 resident parking permits issued
- 8,199 visitor parking permits issued
- 416 A-frame permits issued
- 1,846 bulk rubbish containers (Skip Bins) permits issued



INFRINGEMENT NOTICES

- 171,008 parking enforcement infringements notices issued
- 402 local law infringement notices issued
- 126 animal management infringement notices issued



Great Wall of St Kilda at Talbot Reserve features work by local community members.



GOVERNING THE CITY

Councillors with CEO at construction of Liardet Street Family Children's Centre.



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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. 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





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.

AN OPEN AND ENGAGING COUNCIL

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

Council actively seeks to engage the community on key issues of significance by 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, with opportunities to be heard without time restrictions. Council meetings are also rotated between each town hall in the municipality. Confidential reports are 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 Statutory Planning Committee meetings are advertised in the local media and on Council's website. Urgent special meetings are only occasionally called, and when this occurs, every effort is made to broadly publicise the meeting.

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

COUNCILLOR CODE OF CONDUCT

This year, as part of its commitment to good governance and to ensure compliance with requirements in the Local Government Act, Council reviewed its Councillor Code of Conduct. Codes of Conduct are strongly supported in the Australian Standard of Governance Principles as a means of fostering good governance. The City of Port Phillip Councillor Code of Conduct, adopted in May 2013, is designed to facilitate the effective functioning of the Council and councillors and sets out the principles of conduct for councillors. It is available for public inspection on request.

PORT PHILLIP CITY COUNCIL



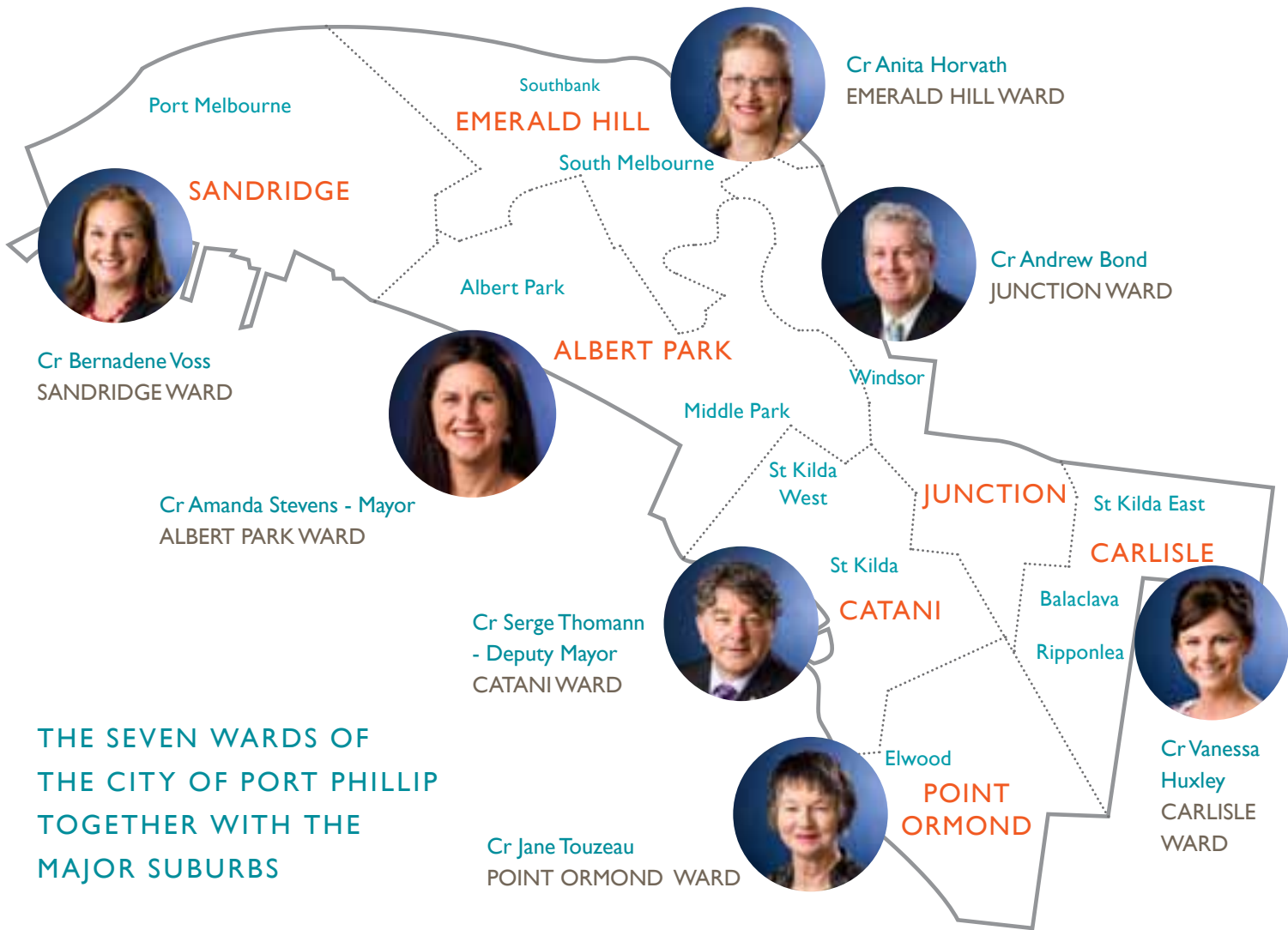
Council is responsible for the stewardship of the community and ensuring corporate governance. Collectively, the councillors set the strategic direction for the municipality, policy development, identifying service standards and monitoring performance.

The City of Port Phillip is divided into seven wards, represented by one councillor in each ward. During the 2012/13 financial year a municipal election was held on Saturday 27 October 2012 to elect local representatives for a four-year term.

The following councillors served in the 2012/13 financial year until the election was held in October 2012:

Cr Frank O'Connor	Emerald Hill Ward	(2008 - 2012)
Cr Rachel Powning	Carlisle Ward	(2008 - 2012)
Cr John Middleton	Junction Ward	(2008 - 2012)
Cr Judith Klepner	Albert Park Ward	(2004 - 2012)
Cr Janet Bolitho	Sandridge Ward	(2004 - 2012)
Cr Jane Touzeau	Point Ormond Ward	(2008 -)
Cr Serge Thomann	Catani Ward	(2008 -)





The following councillors were sworn in for a four-year term on 30 October 2012

Cr Amanda Stevens	Albert Park Ward
Cr Vanessa Huxley	Carlisle Ward
Cr Serge Thomann	Catani Ward
Cr Anita Horvath	Emerald Hill Ward
Cr Andrew Bond	Junction Ward
Cr Jane Touzeau	Point Ormond Ward
Cr Bernadene Voss	Sandridge Ward

On 7 November 2012, Cr Amanda Stevens was elected Mayor for a one-year term. The role of the mayor is to chair Council meetings, promote good relationships, including relationships between the mayor and councillors, Council and the administration, and the mayor and Chief Executive Officer as well as manage and model good conduct. Cr Serge Thomann was elected Deputy Mayor.

COUNCIL MEETINGS

The City of Port Phillip has a regular meeting cycle of two Ordinary Council and one Statutory Planning Committee meetings each month. Meetings are held on Tuesdays at 6 pm and are open to the public. Statutory Planning Committee has a delegation from Council to make decisions on planning applications

Council meetings are rotated between St Kilda, South Melbourne and Port Melbourne town halls. In 2012/13, there was a total of four Special Council Meetings, 12 Statutory Planning Meetings and 22 Ordinary Council Meetings. Of these, 12 meetings were held prior to the October 2012 election, with 26 occurring after the local government elections.

ORDINARY MEETINGS OF COUNCIL

DATE	LOCATION
Tuesday 10 July 2012	Port Melbourne Town Hall
Tuesday 24 July 2012	St Kilda Town Hall
Tuesday, 14 August 2012	South Melbourne Town Hall
Tuesday 28 August 2012	St Kilda Town Hall
Tuesday 11 September 2012	Port Melbourne Town Hall
Monday 24 September 2012	St Kilda Town Hall
Wednesday 10 October 2012	South Melbourne Town Hall
Tuesday 23 October 2012	St Kilda Town Hall
Tuesday 13 November 2012	St Kilda Town Hall
Tuesday 27 November 2012	St Kilda Town Hall
Tuesday 11 December 2012	Port Melbourne Town Hall
Tuesday 29 January 2013	St Kilda Town Hall
Tuesday 12 February 2013	South Melbourne Town Hall
Wednesday 27 February 2013	St Kilda Town Hall
Tuesday 12 March 2013	Port Melbourne Town Hall
Monday 25 March 2013	St Kilda Town Hall
Tuesday 9 April 2013	South Melbourne Town Hall
Tuesday 23 April 2013	St Kilda Town Hall
Monday 13 May 2013	Port Melbourne Town Hall
Tuesday 28 May 2013	St Kilda Town Hall
Tuesday 11 June 2013	South Melbourne Town Hall
Tuesday 25 June 2013	St Kilda Town Hall

STATUTORY PLANNING COMMITTEE MEETINGS

DATE	LOCATION
Tuesday 17 July 2012	St Kilda Town Hall
Tuesday 21 August 2012	St Kilda Town Hall
Wednesday 19 September 2012	St Kilda Town Hall
Tuesday 16 October 2012	St Kilda Town Hall
Tuesday 20 November 2012	St Kilda Town Hall
Wednesday 12 December 2012 (cancelled)	St Kilda Town Hall
Tuesday 29 January 2013	St Kilda Town Hall
Tuesday 19 February 2013	St Kilda Town Hall
Tuesday 19 March 2013	St Kilda Town Hall
Tuesday 16 April 2013	St Kilda Town Hall
Tuesday 21 May 2013	St Kilda Town Hall
Tuesday 18 June 2013	St Kilda Town Hall

SPECIAL MEETINGS OF COUNCIL

DATE	LOCATION
Tuesday 30 October 2012	St Kilda Town Hall
Wednesday 7 November 2012	St Kilda Town Hall
Tuesday 30 April 2013	St Kilda Town Hall
Tuesday 7 May 2013	St Kilda Town Hall

COUNCILLOR ATTENDANCE AT MEETINGS

COUNCILLOR	ORDINARY COUNCIL MEETING	STATUTORY PLANNING MEETING	SPECIAL COUNCIL MEETING	PERCENTAGE ATTENDANCE
Cr Amanda Stevens	14	5	4	96%
Cr Vanessa Huxley	14	6	4	100%
Cr Serge Thomann	22	10	4	100%
Cr Anita Horvath	14	5	4	96%
Cr Andrew Bond	14	6	4	100%
Cr Jane Touzeau	21	10	2	92%
Cr Bernadene Voss	14	6	4	100%
Cr Janet Bolitho	7	4	0	92%
Cr John Middleton	8	4	0	100%
Cr Rachel Powning	8	4	0	100%
Cr Frank O'Connor	8	4	0	100%
Cr Judith Klepner	8	4	0	100%

SUPPORTING COUNCIL'S DECISION-MAKING

As part of its commitment to good governance, quality decision-making and community participation, the City of Port Phillip supports a range of committees with community and external representation. Councillors also represent the interests of Council on a range of external committees.

SECTION 86 COMMITTEES

Under the Local Government Act, Council can delegate particular decisions to formally established section 86 committees.

	APPOINTMENT	PURPOSE
Statutory Planning Committee	All councillors	To make decisions on planning applications.
Inner Melbourne Action Plan Committee	Cr Stevens (Mayor)	The committee oversees the implementation of regionally-based actions identified in the Inner Melbourne Action Plan (IMAP) January 2006 (and subsequent reviews). Member councils are Cities of Stonnington, Melbourne, Yarra, Maribyrnong and Port Phillip.
Neighbourhood Programs Committee	Cr Stevens (Mayor) & Cr Thomann	The committee supports the distribution of minor donations and grants to individuals, organisations or community groups in a variety of ways.
South Melbourne Market Management Committee	Cr Stevens (Chair), Cr Bond & Cr Horvath	To oversee the Market's performance and direction, ensuring its financial viability, its pre-eminent position as a community resource and its position as a dynamic retail competitor.

ADVISORY COMMITTEES

Advisory or community reference committees are established by Council to provide advice to Council. They provide opportunities for members of the community to provide expertise on a range of topics. Each committee is governed by a terms of reference.

	APPOINTMENT	PURPOSE
Animal Management Community Reference Group	Cr Voss (Chair)	To assist Council with the ongoing delivery of animal management services through the sharing of ideas and issues relating to animal management across the municipality.
Art Acquisition Reference Committee	Cr Touzeau (Chair)	To assist Council by providing advice and expertise in relation to Council's visual art acquisition program.
Audit & Risk Committee	Cr Stevens (Mayor) & Cr Horvath	The Audit & Risk Committee's purpose is to assist Council in the discharge of its oversight and corporate governance responsibilities, and to oversee and monitor the City of Port Phillip's audit and risk processes, including internal control activities.
Civic Projects and Citizens of the Year Panel	Cr Voss & Cr Touzeau	To assist in the selection for Civic Awards to Community members for Citizen of the Year, Young People's Award, Senior's Award, Civic Project of the Year
Community Grants Assessment Panel	Cr Horvath & Cr Bond	The Community Grant Assessment Panel is convened annually to assess applications for community grants of up to \$10,000. The Panel make recommendations to Council for grants funding.
Community Pulse Steering Committee	Cr Touzeau	To assist Council achieve the aims of the Community Pulse Project by providing advice and feedback in relation to indicator development and community engagement to help achieve a creative, socially inclusive and sustainable community.
Cultural Development Fund Committee	Cr Thomann (Chair) & Reserve Cr Huxley	To assist Council by providing advice and recommendations in relation to applications to the Cultural Development Fund according to the published guidelines.
Cultural Heritage Reference Committee	Cr Voss	To assist Council by providing advice and feedback in relation to cultural heritage and local history.
Esplanade Market Advisory Committee	Cr Thomann (Chair) & Cr Bond	To provide direction on the strategic direction of the Esplanade Market.
Friends of Suai Community Taskforce	Cr Thomann & Reserve Cr Huxley	To work with and assist the City of Port Phillip to develop sustainable and productive relationships between the Port Phillip and Suai communities.
Gasworks Arts Park Reference Committee	Cr Stevens (Chair) Albert Park ward Councillor as chair	To assist Council by providing advice and feedback in relation to the development of the Gasworks Arts Park Plan including the vision, principles and values for long-term strategic development and management of Gasworks Arts Park.
Hindmarsh Steering Committee	Cr Horvath & Cr Touzeau	To provide feedback and advice in relation to the strategic direction of the Friendship City Relationship between the City of Port Phillip and Hindmarsh Shire Council.
Lagoon Reserve Reference Committee	Cr Voss (Chair) Sandridge ward Councillor as chair	To assist Council by providing advice and feedback in relation to the development of the Lagoon Reserve Park Plan including the vision, principles and values for long-term strategic development and management of Lagoon Reserve.
Marine Reserve Reference Committee	Cr Thomann (Chair) & Cr Huxley	To offer advice to Council on the operation of Marina Reserve post-construction. Established in April 2013 for a one year term.
Melbourne Sports and Aquatic Centre Advisory Committee	NA	To ensure views of relevant community members, government agencies and others are expressed and taken into account in the ongoing operation of the Centre. The term of this committee expired in October 2012.
Multicultural Forum	Cr Thomann (Chair)	Facilitates discussion and advises Council officers and the Council about policies and plans supporting the multicultural community.
Older Persons Consultative Committee	Cr Horvath	To provide advice to Council and council officers about policies, plans and services affecting older people.
Rupert Bunny Foundation Subcommittee	Cr Touzeau	The Rupert Bunny Foundation Subcommittee is a subcommittee of the Victorian Community Foundation – Rupert Bunny Foundation Committee.

EXTERNAL COMMITTEES

There are a number of external committees, associations or boards where Council appoints individual councillors to represent its interests. As appropriate, individual councillors will report to Council on the activities of these committees.

	APPOINTMENT	PURPOSE
Association of Bayside Municipalities	Cr Touzeau & Reserve Cr Horvath	Founded in 1974 to address issues of common concern to bayside councils. Today it represents the interests of the ten councils with frontage to Port Phillip Bay on various coastal and marine issues.
Gasworks Arts Inc. Board of Management	Cr Stevens	Elected annually to oversee management of the Gasworks Arts Park.
Health & Wellbeing Alliance Committee	Cr Huxley & Reserve Cr Voss	Directs the implementation of the Health and Wellbeing Plan. Consists of representatives of local health and welfare organisations, police, business community and Council.
Road Safety Action Group Inner Melbourne	Cr Horvath	A collaboration of four inner Melbourne councils, community members and organisations working to make inner Melbourne safer for walking, cycling, public transport and motorcycling.
Inner South Metropolitan Mayors Forum	Cr Stevens	Regional peak body for local government councils covering the Cities of Bayside, Boroondara, Glen Eira, Kingston, Melbourne, Port Phillip, Stonnington and Yarra
Linden Board of Management Inc	Cr Huxley	Oversees the day-to-day leadership of the Linden Gallery.
Municipal Association of Victoria	Cr Voss & Reserve Cr Thomann	Representative and lobbying body for Victoria's local government councils. Advocates for the interests of local government, raises the sector's profile and provides policy and strategic advice and insurance services.
Metropolitan Transport Forum	Cr Bond	Local government interest group for transport in metropolitan Melbourne which has been established for 20 years. Twenty-three metropolitan local governments currently constitute the membership. Works towards effective, efficient and equitable transport in metropolitan Melbourne by providing a forum for debate, research and policy development, and sharing and disseminating information to improve transport choices.
Metropolitan Waste Management Group	Cr Huxley	Victorian State Government Statutory Body responsible for coordinating and facilitating the delivery of municipal solid waste management across metropolitan Melbourne.
Port Phillip Multi-Faith Network Steering Committee	Cr Thomann	Comprises representatives and leaders from a wide variety of religions and faith groups in the City of Port Phillip. The network meets on a monthly basis and is concerned with discrimination, social inequity, disadvantage and poverty.
Port Phillip Housing Association Ltd – Board of Directors	Cr Horvath	Independent, not-for-profit community housing organisation. It exists to help members of the local and wider community find suitable, affordable housing and advocates on behalf of residents who require assistance to sustain their tenancies.
St Kilda Tourism Association	Cr Thomann	Provides advocacy, destination marketing and industry development. As the local tourism association, it also enables St Kilda businesses to formally link into highly successful initiatives run by Destination Melbourne, Tourism Victoria and Tourism Australia.
Victorian Local Governance Association	Cr Stevens (Mayor) & Reserve Cr Touzeau	Peak body for councillors, community leaders and local governments to build and strengthen their capacity to work together for progressive social change.

COMMUNITY ENGAGEMENT



Community consultation is fundamental to Council's decision-making, and fundamental to good governance. The better informed Council is about the diverse views within the community, the better we are able to lead, make decisions, and advocate on behalf of our community.



We realise our community is passionate about where they live, and about how Council delivers its many services. We are trying to make it as easy as possible for the community to tell us what they think.

In the last financial year we have run approximately 40 public consultations on topics ranging from how we run our community facilities, landscaping and playground designs through to major urban renewal, planning scheme amendments, and local law reviews. We've run citywide consultations all the way through to street-based consultations.

One of the most successful consultations we ran was the Council Plan consultation in February and March 2013. During the consultation we were pleased to receive over comments from more than 300 people via our Have Your Say website and our seven conversation tents that were held across the city.

Council also manages a variety of community reference groups where councillors and interested community members provide advice, opinions, input and comments on an array of issues or projects.

We have made a strong commitment to ensure our community feels valued, consulted, heard and informed. We're committed to ensuring our communication and consultation practices seek a diversity of opinion and that our processes are open, transparent, and responsible.

From top to bottom:

Local people have their say in Port Melbourne.

Conversation tent at Gasworks Park.

ACCOUNTABILITY

All councils must comply with the requirements of the Local Government Act 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 councils are accountable to their stakeholders including residents, ratepayers, business and government.

AUDIT AND RISK COMMITTEE AND INTERNAL AUDIT

As part of its duty to fulfill governance obligations to the community, Council seeks the probity of the Audit & Risk Committee. The Audit & Risk 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 the organisation may confront.

The Audit & Risk Committee membership for 2012/13 consisted of three external representatives and two councillors. The Chief Executive Officer, the General Manager Corporate Services and the Chief Financial Officer attend all meetings. The Internal Auditor attends to present audit reports and provide advice to the Audit & Risk Committee and Council's internal audit contractor also attends to respond to questions about audits they have produced. Minutes of Audit & Risk Committee meetings are distributed to all councillors.

AUDIT AND RISK COMMITTEE MEMBERSHIP

EXTERNAL REPRESENTATIVES

Gaye Mason, Chair of the Audit & Risk Committee, is a CPA who has held senior executive positions 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 \$7,154 per annum adjusted to CPI for her role as Chair.

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 \$6,132 per annum adjusted to CPI for his role on the committee.

Helen Lanyon, a CPA, has had previous Board experience and 18 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 adjusted to CPI for her role on the committee.

INTERNAL REPRESENTATIVES

The Mayor and one other councillor are appointed to the Audit & Risk Committee.

During 2012/13 the Audit & Risk Committee met on four occasions.

The Audit & Risk 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.



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 Transport, Planning and Local Infrastructure (formerly 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 by:

- Investigating alleged breaches of the Act
- Implementing a rolling audit program
- Conducting spot audits of councils' compliance.

In December 2012 the Inspectorate sent a communication to all councils requesting to review the allocation of Councillor Discretionary Funds. Council advised the Inspectorate that the City of Port Phillip does not provide an allowance to be spent at the discretion of individual councillors or ward councillors.

However at its Ordinary Council Meeting held on 25 August 2008, Council established a section 86 Special Committee called the Council Neighbourhood Programs Committee. The committee supports the distribution of minor donations and grants to individuals, organisations or community groups in a variety of ways. For this Special Committee, Council has adopted a Terms of Reference and an Instrument of Delegation which was last modified by resolution of Council on 25 June 2013.

REPORTING ON COUNCIL'S PERFORMANCE

Council is committed to transparently reporting on its performance and activities. Each quarter Council provides a report that outlines its progress toward achieving the objectives of the Council Plan, its financial performance and other activities. These reports are available online at www.portphillip.vic.gov.au/results_reports.htm

Art installation at
Bubup Nairm Family
and Children's Centre.



OUR PERFORMANCE

Local family enjoying
the playground
facilities at Bubup
Nairn Family and
Children's Centre.
Photo: Chris Cassar



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An aerial photograph of Port Phillip, Victoria, Australia, looking back from Elwood. The image shows a dense residential area with many houses, interspersed with green spaces and trees. In the foreground, there's a large green field, possibly a park or sports field, and a body of water (Port Phillip) is visible at the bottom. The background shows a hazy horizon with distant hills under a blue sky with light clouds.

Aerial view looking back from Elwood over part of Port Phillip municipality.

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 Council Plan 2009 - 2013 was informed by conversations held within the community in February and March 2009 and was reviewed each year in consultation with the community.

The Council Plan 2009-2013 was framed around four strategic directions. These provided the primary direction for Council and the organisation for the 2012/13 financial year.

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 and progress.

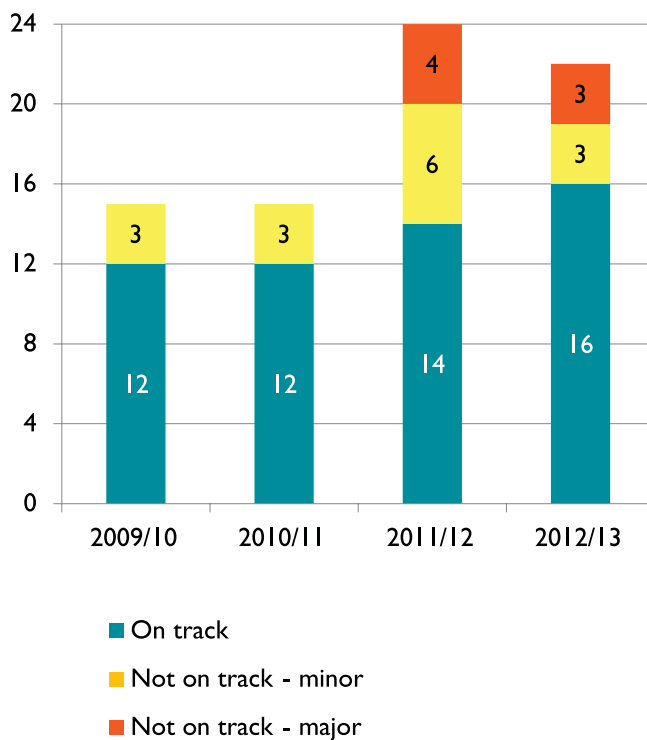
OUR PERFORMANCE IN SUMMARY

COUNCIL PLAN INDICATORS OF ACHIEVEMENT

In 2011, Council introduced a number of new indicators bringing the total number from 15 to 24. Two of these new indicators were dropped for the 2012/13 year because of difficulties obtaining reliable data regarding community greenhouse emissions and water use.

This year, 16 of 22 (72%) indicators have met their target. This is a significant improvement from the previous year when only 12 of 24 (58%) met their target.

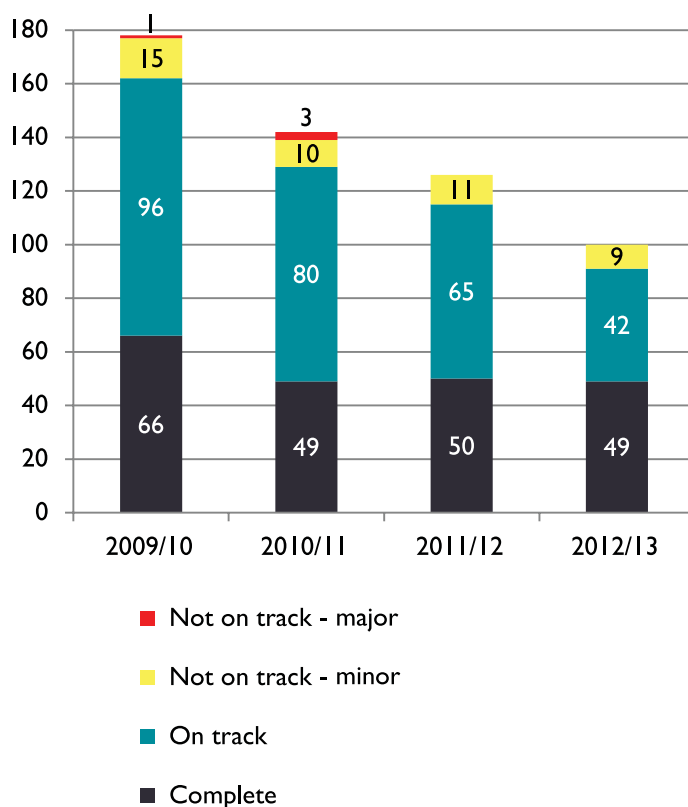
Three indicators have significantly missed their target with results for Council's potable water use being significantly above the target (p. 60), both the renewal gap ratio (p.58) and use of sustainable transport options (p.62) being significantly below target.



COUNCIL PLAN ACTION PERFORMANCE

Each year the actions in the Council have been reviewed. Each year a number of actions completed and new actions created. There have been fewer Council Plan actions in each year of the Council Plan 2009-2013.

This year, Council completed almost 50% of the actions in the Council Plan and achieved a positive result with only 9% of actions ending the year not on track. Further information about each action is provided in the following pages.



I.1 VALUE AND UTILISE SKILLS AND KNOWLEDGE IN THE COMMUNITY

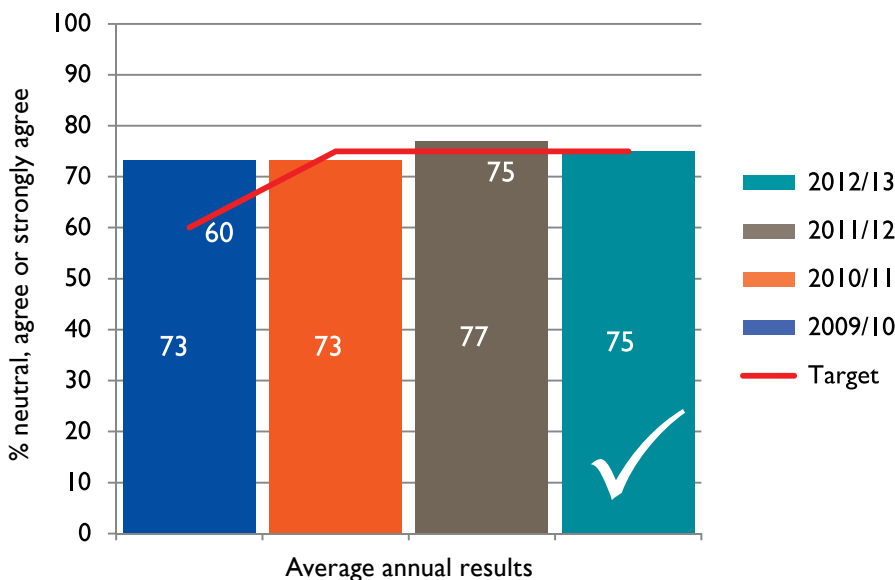
We will draw on the expertise within the community. We will listen and have real conversations with our constituents and will use their advice to inform our decision making.

ACHIEVEMENT WILL LOOK LIKE

Community that feels valued, consulted, heard and informed.

INDICATOR OF ACHIEVEMENT

Community satisfaction with Council’s engagement in decision making on key local issues



This indicator is considered 'on track'. The averaged annual results for this indicator show a consistently positive response, with results peaking in the 2011/12 year.

COUNCIL PLAN ACTION STATUS

Implement the Communications and Engagement Strategy	Complete
Develop working relationships with key local, state and federal partners to deliver community benefits	Complete
Create opportunities to ensure that leadership and skills development within the community continues	Complete



HIGHLIGHTS

Over 300 people have their say on Council's priorities

The 2013 Conversation Tent series was a great success, with over 300 community members having their say on the future of Port Phillip municipality. These comments informed the development of the new Council Plan 2013-17. Community priorities included flooding, action on climate change, more bike paths, improved community spirit, safer streets and height controls for development.

Improving our engagement and communications activities

A review of the internal Communications and Engagement Toolkit led to a number of improvements to make it easier for staff to access the resources they need to work with the community. This year, Council facilitated over 40 engagement activities on local topics and issues.

Advocating for our community

Council continues to participate in the State Government's Fishermans Bend project control group to help inform and influence the future of the Fishermans Bend Urban Renewal Area and ensure it is a family-friendly place.

Local students present their ideas to Council

The City of Port Phillip youth leaders presented at the Youth in Chamber event at St Kilda Town Hall. A total of 75 students from eight schools completed the final stage of the Big and Little Big Cake Youth Action series, and a panel of senior Port Phillip staff heard student presentations on topics including sustainability, community inclusion and education.

Training our community leaders

The City of Port Phillip Community Leadership Training Course was delivered over a series of six sessions from March to May 2013 involving 25 participants including local residents, volunteers and representatives from local not-for-profit groups. This training aims to increase the confidence, skills and capacity of people to make contributions to their own community.

Building the capacity of local community groups

The Toyota Community Foundation and the City of Port Phillip are partnering to help local community groups build their capacity through the Strategic Skills Mentoring Program. Each year the program supports four organisations to work with a professional mentor in strategic development across one or more areas of their organisation. The program has been delivered for the past four years enabling 16 community based organisations to improve the work they do.



From top to bottom:

Councillors listening to
community ideas in Elwood

Fishermans Bend Urban
Renewal Area

1.2 GOVERNING

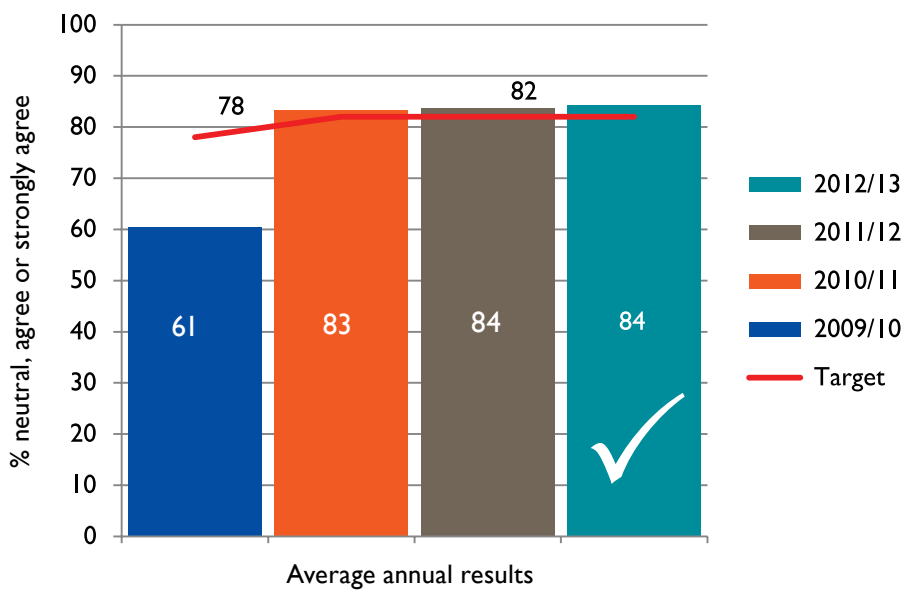
We are committed to good governance and transparent decision-making. We will ensure that all decisions are fair and in line with our democratic and statutory obligations.

ACHIEVEMENT WILL LOOK LIKE

Council has a reputation for being trustworthy, truthful, transparent, ethical, responsible and informed decision-makers

INDICATOR OF ACHIEVEMENT

Community perception of Council's reputation



This indicator is considered 'on track'. Over the previous two years, this indicator has consistently met or exceeded the target, and 2012/13 shows a further strengthening of Council's reputation within the community, with the annual result two percentage points above a challenging target.

COUNCIL PLAN ACTION STATUS

- Implement the actions from the Governance Review Complete
- Ensure that community input is used to guide Council's direction and that cohesive council/staff processes are reflective of agreed directions Complete
- Ensure relationships between the Council, CEO and Administration are focused on ways in which Council and the organisation are supported to achieve the Council Plan On Track
- Create a vibrant and user friendly City of Port Phillip website Complete



i



From top to bottom:
 New Council following their swearing in
 Local resident walking her dogs

HIGHLIGHTS

New Council sworn in following municipal election

Following the municipal election on 27 October 2012, Council staff worked closely with the incoming Council to enable a smooth transition to in taking up their responsibilities as councillors.

City of Port Phillip welcomes new CEO

Following the resignation of former CEO Kay Rundle in 2012, Council welcomed Ms Tracey Slatter as the new Chief Executive Officer on 20 May 2013. As a former Local Government CEO and Senior Executive in the Victorian Public Service, Ms Slatter has previously led the successful delivery of numerous major community infrastructure programs.

New vision for Port Phillip revealed in Council Plan

Council revealed its vision to create an engaged, healthy, creative and vibrant city in the Council Plan 2013-17. The Plan builds on the hard work undertaken in the past, with a strong focus on good governance and sound financial management. Over 300 people contributed ideas to the Plan through the 'Have Your Say' website and via the seven conversation tents held across Port Phillip.

Promoting our local community activities online

Stage two of the City of Port Phillip website refresh was to publish an online event calendar. The new event calendar lists activities and events that take place in and around our City. This is a way that Council can help promote the many great community activities across our municipality.

Supporting pet owners

Council adopted a new Domestic Animal Management Plan in September 2012, created with the help of over 230 community members. The plan focuses on education and awareness-raising for pet owners, pet registration, dog control in public spaces, micro chipping and de-sexing.

1.3 COMMITMENT TO SERVICE

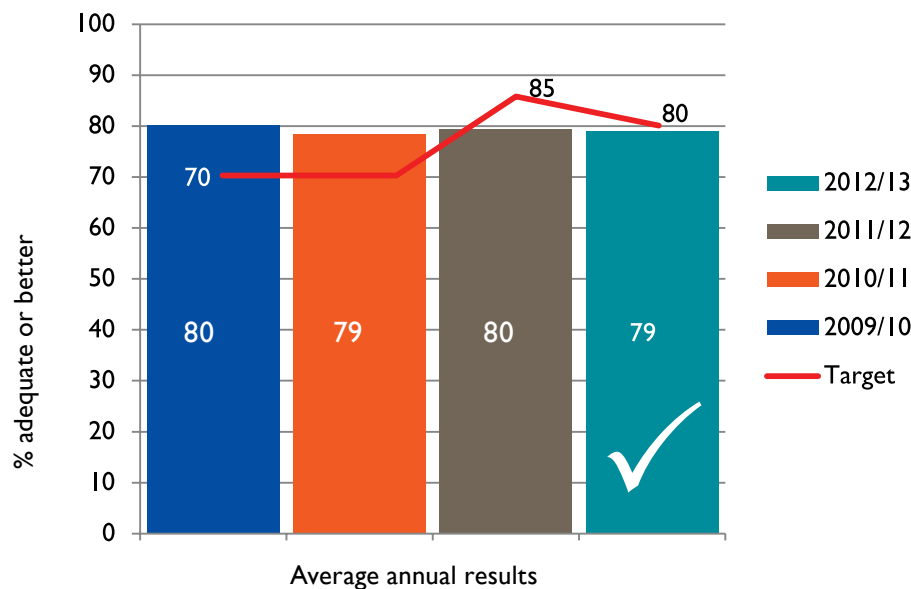
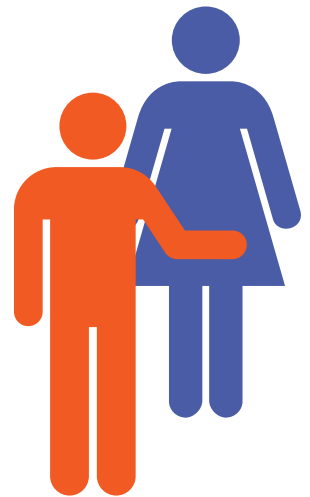
We are committed to providing quality service to the community. Our services will be equitable, accessible and responsive to the community's needs.

ACHIEVEMENT WILL LOOK LIKE

An organisation that delivers high quality service to the community

INDICATOR OF ACHIEVEMENT

Community satisfaction with the overall service performance of Council



This indicator is considered 'on track' at the end of 2012/13.

Given the range of services provided by Council (from parking enforcement to child immunisations), the averaged 'adequate or better' result over the past two years is a pleasing outcome. Over 2012/13, the result for this indicator has shown improvement on the last two quarters and the quarter four result was slightly above target. Results over the year generally exhibit a slight seasonality, with community satisfaction higher in the cooler months.

COUNCIL PLAN ACTION STATUS

- | | |
|--|----------|
| • Ensure an integrated approach in providing services to the community | Complete |
| • Review and continuously improve our service delivery to balance community expectation, value for service and council's capacity to deliver | On Track |
| • Strengthen our commitment to service excellence | On Track |
| • Ensure community engagement in the planning and delivery of services | On Track |
| • Implement the Communications and Engagement Strategy | Complete |



HIGHLIGHTS

Embedding a culture of service excellence

Sixty-seven service teams in Council participated in workshops to re-visit service standards in line with a set of organisation-wide service principles.

Waste management that works for you

Waste management services undertook a review of the public litter bin collection services to improve the service delivery of the day time operation, which involved collection times and schedules changes. The new summer litter bin service was also reviewed with changes made to improve service delivery including the introduction of a 6 pm to 11 pm service throughout the summer period.



Boosting high school immunisation rates

A review of Council's immunisation survey found excellent user satisfaction survey results have been backed up by a successful project to increase high school immunisation rates.

Community Chef improves delivered meal services

Community Chef is a joint venture between 21 Victorian local governments that features a new pasteurising process that protects food quality and increases shelf life. This new process also allows seasonal menu rotation and greater choice about which meals the clients can enjoy.



Meeting the changing needs of our community in our child care centres

The introduction of new staff: child ratios saw an increase in educators required across the four long day care centres. An extensive recruitment process has been undertaken and over 35 educators employed. The Childcare Policy was also updated to ensure that it remains current and relevant, especially in light of significant reforms introduced to the sector over the past two years.

North St Kilda Children's Centre exceeds national quality standards

With the introduction of the National Quality Framework from the Australian Children's Education and Care Quality Authority, the four long day care centres and the family day care centre have developed their Quality Improvement Plans, an integral part of the assessment and rating process. North St Kilda Children's Centre was the only centre to undergo its validation assessment this year with the centre achieving a result of 'Exceeding the National Quality Standards'.

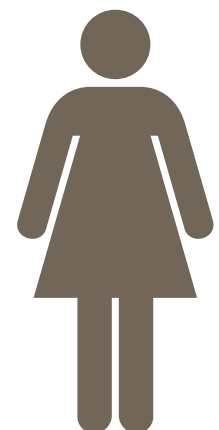


From top to bottom:

Local litter bin collection

Delicious meals provided
by Community Chef

Children at North St Kilda
Children's Centre



I.4 MANAGING FOR THE LONGER TERM

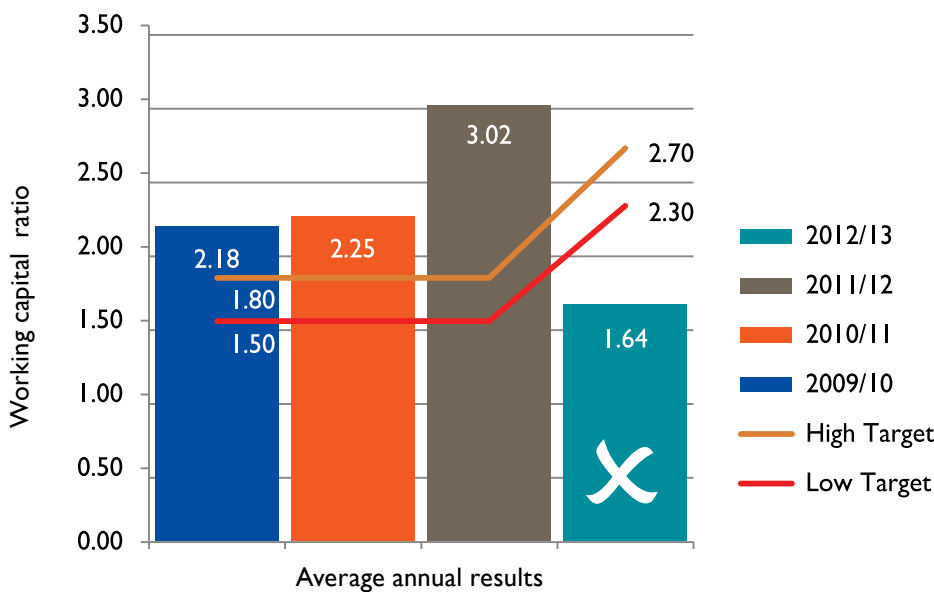
We are committed to responsibly managing our community assets and resources now and into the future.

ACHIEVEMENT WILL LOOK LIKE

Sound financial position
Well maintained assets

INDICATORS OF ACHIEVEMENT

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



This indicator was assigned a status of 'not on track-minor' at the end of 2012/13 with a result of 1.64. Council's liquidity ratio has been impacted by relatively high capital expenditure and the settlement of the defined benefits super liability.

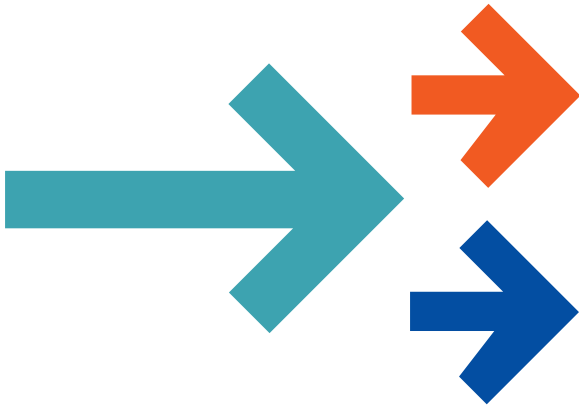
Renewal Gap Ratio – difference between rate of spending on assets and asset depreciation

The target for this indicator is to achieve a result greater than or equal to one. The result at the end of the financial year is 0.47. This is significantly below the target resulting in a status of 'not on track-major'. This result is due to a renewal expenditure of \$7.48 million which is significantly less than depreciation of \$15.76 million. This low result is in a part because the renewal figure does not include maintenance expenditure.

Target ≥ 1 Result 0.47

COUNCIL PLAN ACTION STATUS

- | | |
|---|----------------------|
| • Ensure that financial information is provided in a style which is both professionally acceptable and comprehensible to the community | Complete |
| • Council to meet with the chair of the internal audit committee prior to the completion of the Audit Committee Annual Report. | Complete |
| • Implement recommendations of arising from audits of Council activities | Complete |
| • Support the development of policy frameworks for a workplace that is safe, healthy and supportive and has a positive and constructive culture in which contributions are valued, collaboration is encouraged and difference respected | On Track |
| • Maintain and improve Council's assets | On Track |
| • Ensure Council's commercial properties are managed effectively and efficiently | Complete |
| • Implement the actions from the Governance Review | Complete |
| • Undertake activities to improve asset management | Not on Track - Minor |



HIGHLIGHTS

Budget to deliver Council's new vision

Following the consideration of public submissions, Council adopted the 2013/14 Budget that will deliver Council's new vision for an engaged, healthy, creative and vibrant City.

Fleet review anticipates a saving of 20%

Council's motor vehicle fleet has been reviewed and will transition from a lease based model to an outright ownership model. This change is expected to result in ongoing savings on its total fleet ownership costs in the order of 20% or \$450,000 per annum.

Capital works delivery helps maintain assets

Council undertook around \$41.4 million worth of capital works on 160 projects across the city. Key projects completed include the Bubup Nairn Family and Children's Centre, Marina Reserve, Luna Park forecourt and the new roof over the South Melbourne Market.

Master plans developed for all children's facilities

A forward plan was developed for all children's services facilities in 2012/13 to keep them in good condition and make sure that they meet the needs of their users.



CHALLENGES

Improving asset management processes and tools. Work to improve the processes and tools that support asset management has been delayed and will continue into next financial year.



From top to bottom:

Improved Luna Park forecourt

Aerial view of Marina Reserve

Councillors at Bubup Nairn



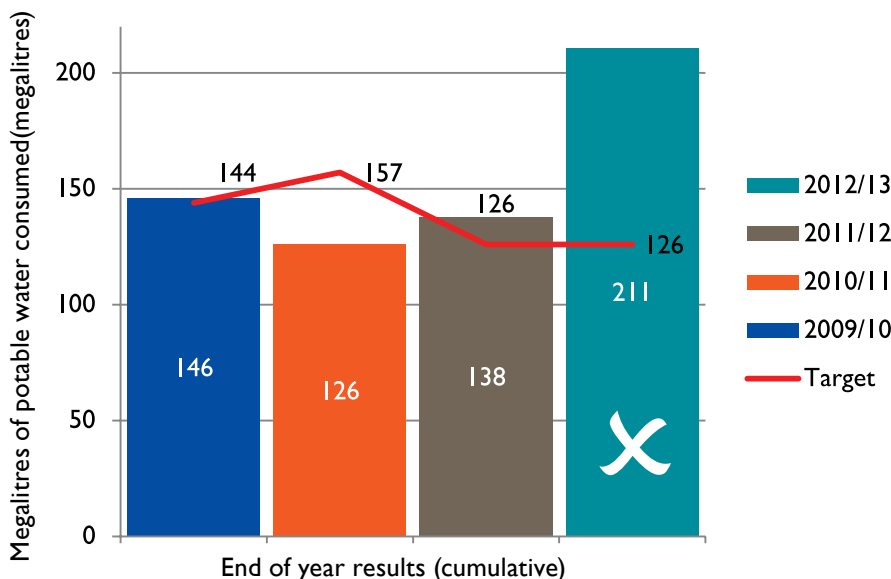
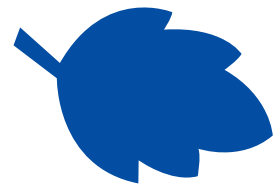
2.1 REDUCING CONSUMPTION AND EMISSIONS

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

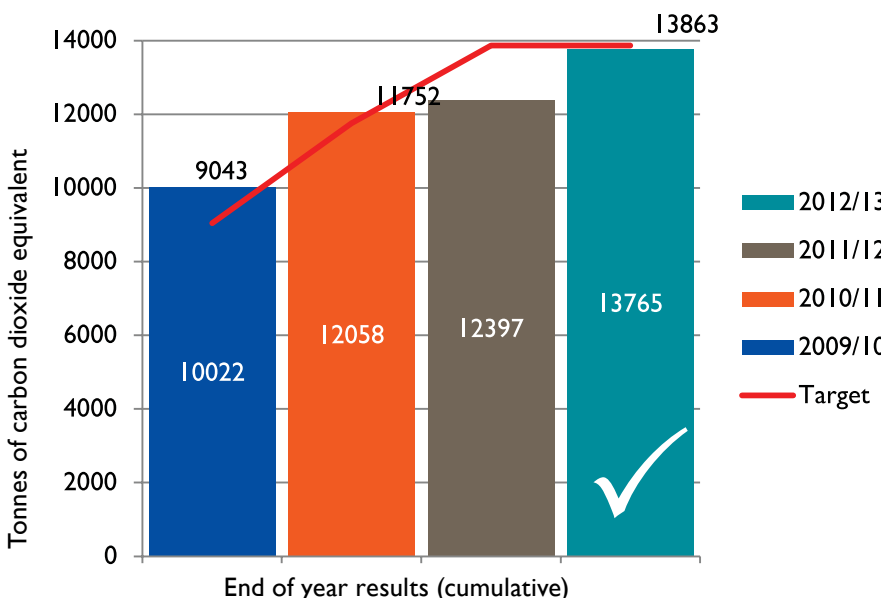
INDICATORS OF ACHIEVEMENT



Council's total potable water consumption per annum

This indicator is considered 'not on track-major' at the end of 2012/13 with a end of year result significantly above target.

Water use this year (April 2012 to March 2013) was 211ML, a 53% increase on the 138ML of water used in previous years. The result reflects growing demand for irrigation in reserves previously unirrigated such as Garden City Reserve due to increased use by the community and maintaining fit-for-purpose sports facilities.

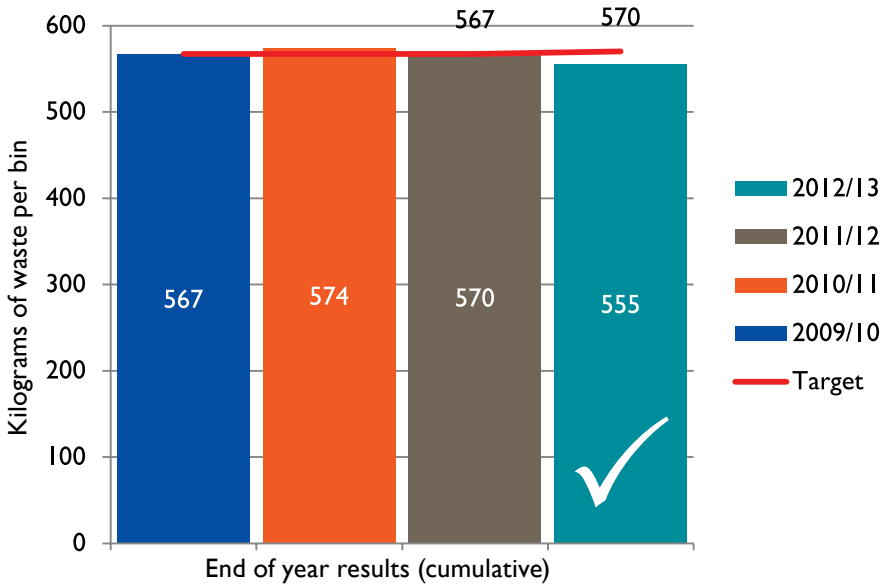
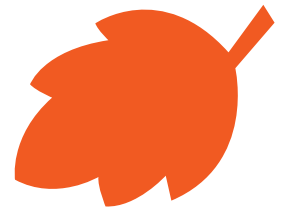


Council's total carbon emissions per annum

At the end of 2012/13, this indicator is considered 'on track'.

New buildings and improved data collection (which increased the number of accounts included in the inventory) masked efficiency gains made during 2012/13, such as the 1.8% reduction in emissions from street lighting and the 4.5% reduction in emissions from vehicle fuels.





Residential waste collection volume per bin per annum

This indicator is considered 'on track'.

2012/13 has seen a continued reduction of waste collection volume (per bin) over 2011/12 results, even though quarter two (2012/13) exceeded the set target (by 2kg).

End of year cumulative results for 2012/13 show an overall reduction of 15kg of waste per household compared to the 2011/12 result.

COUNCIL PLAN ACTION STATUS

- Continue to implement an environmental retrofit to Council buildings On Track
- Implement the Water Plan On Track
- Implement sustainability education and awareness programs On Track
- Provide environmental resource management information, advice and support to households, businesses and investment properties On Track
- Consolidate and broaden the role of the EcoCentre Complete
- Develop environmental education campaigns for strengthening leadership and innovation Complete
- Encourage and support community environmental groups Complete
- Partner and invest in wastewater and stormwater recycling Complete
- Continue to advocate for the recognition of, and seek funding support for, community voluntary action in reducing carbon emissions On Track
- Work with stakeholders to improve sustainable street lighting and public lighting Not on Track - Minor

HIGHLIGHTS

Joint project harvests 100,000 litres of water

Three years in the making, the Sustainable Water for Elwood and Elsternwick Parks (SWEEP) project concluded in March 2013. The total shared annual harvest for the catchment is 100,000 litres, equating to a 30 ML/Yr (mega litres per year) allocation for Port Phillip (37.5% of Council's 2020 reduction targets). The ongoing maintenance will be managed between both Glen Eira and Port Phillip councils.

Upcycling fashion and craft workshop

On Saturday 10 November the City of Port Phillip hosted a craft and fashion 'make it yourself' workshop event where participants learned how to make simple things from recycled materials. Participants created a magnificent mixed media artwork on reclaimed vinyl LPs, fixed broken jewellery and remade items into new creations, and learned to make natural face and body scrub from common kitchen ingredients.

Roof over South Melbourne Market delivers improved sustainable profile

The new roof over the upper level car park at South Melbourne Market provides a range of benefits including solar power generation, rainwater collection into a 500,000 litre underground tank for market cleaning and toilet flushing and a lowering of the temperature inside the market during summer thereby reducing food spoilage.

Improving the sustainability of our buildings

This year, energy efficient lights have been retrofitted at St Kilda Town Hall and water and electricity sub-meters have been installed at South Melbourne Market and St Kilda Town Hall to better track our power usage at these buildings.

CHALLENGES

Improving the sustainability of our street lighting

Council had planned to work with CitiPower to replace the existing street lights with more sustainable options in Balaclava, St Kilda East, St Kilda West and Middle Park. This project has been delayed due to requirements for Ministerial exemption to the public tender process and availability of contractors. This work will be undertaken in 2013/14.

2.2 CHANGING TRANSPORT PRIORITIES

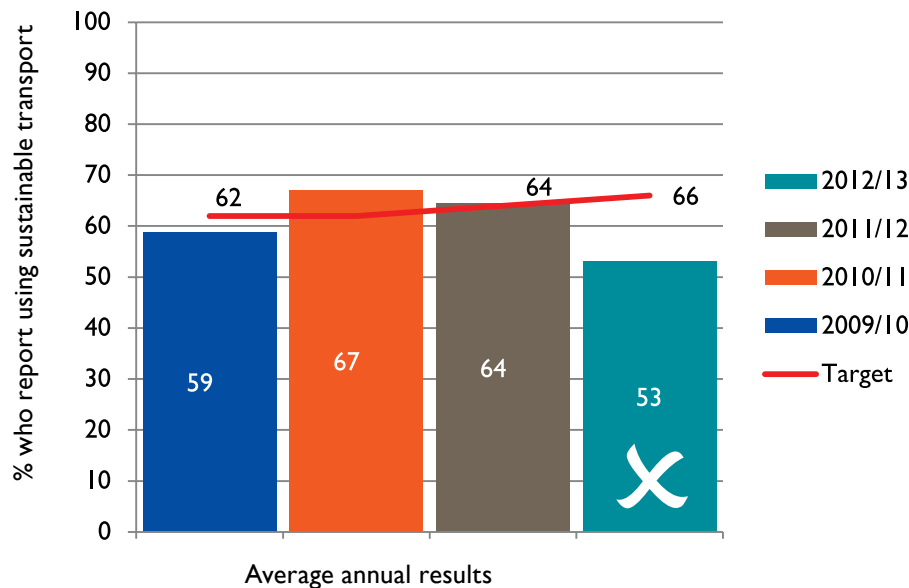
We will advocate the use of sustainable transportation in our operations and in the community.

ACHIEVEMENT WILL LOOK LIKE

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

INDICATORS OF ACHIEVEMENT

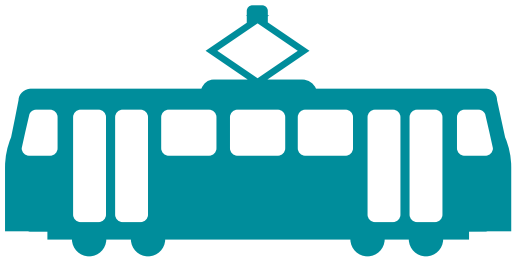
Community use of sustainable transport options



Increasing the reported use of sustainable transport options continues to be a challenge. The 2012/13 averaged result only represents a single result from the December 2012 quarterly community satisfaction survey. The two main modes of sustainable transport reported being used were walking/jogging (20%) and public trams (19%).

COUNCIL PLAN ACTION STATUS

- Implement the Walk and Cycle Plans On Track
- Enable and advocate for community access to sustainable transport options Complete



HIGHLIGHTS

New and improved community bus timetable

The Community Transport service commenced a new timetable, with small changes to improve its ability to run on time. The new timetable also addresses travel times to and from the South Melbourne Market and provides access to the Albert Park Library.

More people join the morning bike commute

On Ride to Work Day 2012, Council hosted breakfast for over 180 staff and members of the community at both St Kilda and South Melbourne town halls and the South Melbourne Market. Both new and old riders attended.

Defensive bike riding – staying safe on your ride

Council ran a defensive bike riding course at the Peanut Farm Reserve Pavilion in March 2013. The course taught participants skills to prevent conflicts or crashes and also how to recognise hazards and choose the best route.

Contiguous bike lane through Domain Interchange

Collaboration between City of Port Phillip, Yarra Trams, City of Melbourne and VicRoads has seen the completion of a contiguous bike lane through the Domain Interchange which makes bike riding much safer in this area.

Valet service for your bike

For the second year, Council provided valet parking at St Kilda Festival Sunday and the inaugural Port Melbourne Bikefest. Over 500 bikes were parked at the St Kilda Festival and 520 were parked at the Bikefest.



From top to bottom:

Free community transport helps get people around

Bike riders on the morning commute along St Kilda Road

2.3. ADAPTING AND SUSTAINING

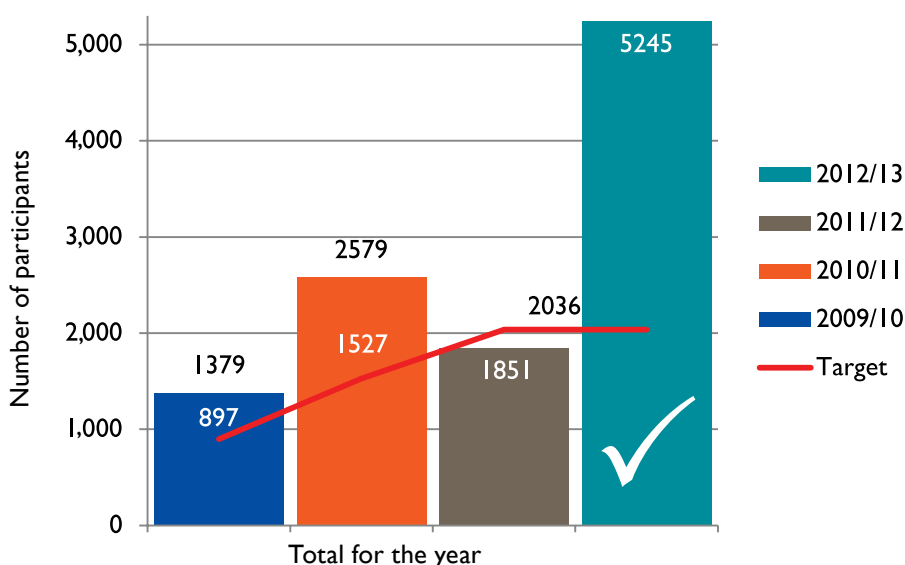
We will prepare the community and our assets for a different climatic future. We will advocate for change and will provide the community with quality information and advice.

ACHIEVEMENT WILL LOOK LIKE

Council assets are more resilient to a different climatic future

INDICATOR OF ACHIEVEMENT

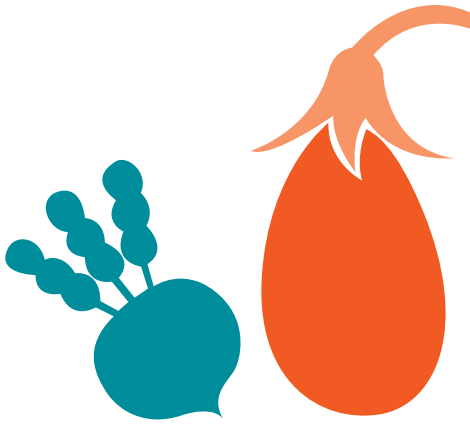
Community participation in Council’s sustainability programs



This indicator is 'on track' at the end of 2012/13. Community participation in sustainability programs only fell below target in 2011/12, with 2012/13 achieving a much higher result than any previous years. A total of 40 events have been run in 2012/13 with a further 28 community events supported.

COUNCIL PLAN ACTION STATUS

- | | |
|---|----------|
| • Implement the Climate Adaptation Plan | On Track |
| • Proactively seek federal and state funding to support community adaptation to the impacts of climate change | On Track |
| • Research and consider alternative asset management and construction approaches in response to climate change | On Track |
| • Support community bulk purchasing of solar energy, hot water systems and other sustainability incentives | Complete |
| • Improve engagement with community groups in achieving improved residential sustainability | Complete |
| • Carry out a feasibility study into solar electricity generation using solar panels on the South Melbourne Market roof | Complete |
| • Increase diversion from landfill to meet government targets | On Track |
| • Consider opportunities for increased advocacy on waste management | On Track |



HIGHLIGHTS

Supporting electric vehicles

The Port Phillip EcoCentre hosted the first ever Electric Vehicle Festival in Australia. The event attracted over 500 people from around Victoria, providing extensive information about electric cars, electric bicycles and renewable energy-based recharging systems. The festival was powered exclusively by solar panels.



Two Conferences! Three Days! One Sustainable Location!

Council hosted the sixth Making Cities Liveable Conference in conjunction with the Sustainability Conference *Sustainable Transformation* bringing a new era of collaboration, information sharing and professional networking. The joint conference was held at Novotel Melbourne in St Kilda and brought together national, state and regional delegates to exchange ideas, discuss business, government and community initiatives, and examine opportunities in various sectors. Council also hosted two study tours showcasing some of the municipality's leading sustainable practices.

Free compost trial

A free compost trial was offered to 25 Port Phillip residents to assess how much food waste residents are producing, and how this can be diverted from landfill. The Council-run trial also showed how effective small scale home composting can be as a recycling solution. Waste output is monitored by weighing the bins before collection and providing advice and assistance when needed.



New kerbside waste and recycling contract

The new kerbside waste, recycling and hard waste booking service contracts commenced 1 January 2013, with changes to collection times to improve noise and amenity issues and the diversion of hard waste from landfill, that is now being recycled for reuse. All vehicles have GPS tracking, which helps Council monitor service requests.



From top to bottom:
 Electric vehicle charges at the Festival
 Small-scale composting delivers benefits
 Hard waste booking ready for collection

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 new partnerships

Result 6 new partnerships



This indicator is 'on track' at the end of 2012/13.

This is the second year that this indicator has been reported, with six new partnerships to advocate or educate on climate changes issues created in 2012/13. In 2011/12, there were seven new partnerships created.

COUNCIL PLAN ACTION STATUS

- Build strategic alliances and actively participate in relevant forums to mitigate the impacts of climate change On Track
- Actively partner with others and seek resources and investment in response to the impacts of climate change On Track





HIGHLIGHTS

Connecting with the Sustainability Community Action Network

Over 100 people attended the launch of the Sustainability Community Action Network (SCAN), established to support our community to take action on climate change. Individuals and groups can access the network to stay connected and share ideas about renewable energy, growing food, sustainable transport and community projects.

Children, families and early childhood professionals work together for a sustainable future

The Seedlings: Sustainability in Early Years Project is a Partnership Project funded through the Victorian Government's Sustainability Fund that encourages people to work together for a sustainable future regardless of age. There are five local government partners involved in this project. Knox City Council is the lead agency alongside the City of Melbourne, the City of Port Phillip, Yarra Ranges Council and Alpine Shire.



Sister-city won award for penguin project

A fundraising project in Council's Sister-city in Obu, Japan has been honoured with a prestigious national award. The Obu Penguin Fund supports our local penguins, and was awarded by the Japanese Minister for Internal Affairs and Communications.

From top to bottom:

Participants at the launch of SCAN

Children participating in Seedlings project

Japanese students raise funds for our local penguins



3.1 PURSUIT OF SOCIAL EQUITY

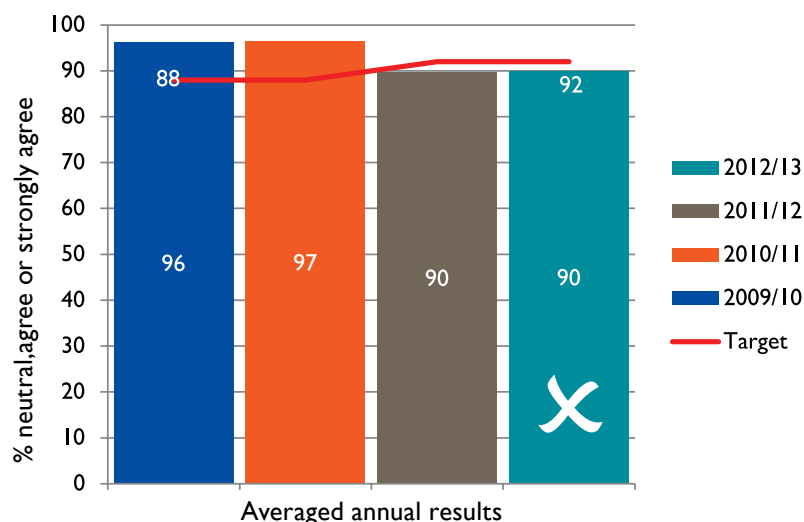
We will create a fairer city by promoting diversity, supporting community interaction, and ensuring that our services are accessible, inclusive and equitable.

ACHIEVEMENT WILL LOOK LIKE

Port Phillip is a fair, welcoming, inclusive and supportive city for everyone

INDICATOR OF ACHIEVEMENT

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



At the end of 2012/13, this indicator is 'not on track-minor'.

The target for this indicator was raised after the indicator exceeded the target in years one and two (2009/10 and 2010/11). In 2011/12 and 2012/13, the indicator has been consistently one to two percentage points below the target.

COUNCIL PLAN ACTION STATUS

- Continue commitment and take action to increase social and affordable housing Complete
- Facilitate an increase in appropriately located residential aged care places Complete
- Support constructive networking opportunities throughout the city Complete
- Review services and policies to improve relevance, accessibility and affordability Complete
- Review and implement the Disability Action Plan On Track
- Provide and support events in celebrating the diversity of community identity On Track
- Review services and policies to improve relevance, accessibility and affordability for established and emerging multicultural groups Complete
- Pursue joint partnerships with federal and state government to ensure an integrated approach to quality family and children's services On Track
- Investigate options to assist at-risk and vulnerable children and teenagers Complete
- Complete the redevelopment of the St Kilda and Liardet Family and Children's Centres On Track
- Provide a diverse range of play opportunities across the city for children and youth Complete
- Work with other organisations to continue to deliver and support Council's youth services and facilities Complete
- Work with local organisations to build awareness, support and understanding for Aboriginal and Torres Strait Islanders Complete
- Enhance cultural and economic development for local Aboriginal and Torres Strait Islanders On Track
- Actively embrace and implement the *Victorian Charter of Human Rights and Responsibilities Act 2008* Complete



HIGHLIGHTS

Community and cultural development fund grants

Council awarded 122 grants across two funding programs. These are important programs that positively engage our local residents and strengthen ties within the community.

Enabling people living with disability to participate in community life

Council cemented its commitment to people living with disabilities with the launch the Access Plan 2013-2018, City of Port Phillip Access Network and the Accessible Dining Guide 2013.

Supporting people of all ages and stages of life

Once again, Council hosted a very successful Seniors Festival from 15 to 21 October 2012. The festival included over 20 community activities and events as well as three major events hosted by Council. Port Phillip's Older Persons Consultative Committee hosted its annual forum at the Port Melbourne Town Hall on Wednesday 12 June 2013. This year's forum focused on 'What are Age Friendly Cities?' and was a very successful event with over 80 older persons in attendance.



A place that welcomes diversity

Council implemented the first year of its Diversity Plan which supports equity of access to Council's services from marginalised groups, including Indigenous and Torres Strait Islanders, people with dementia and their carers, people from culturally and linguistically diverse backgrounds, people experiencing financial disadvantage and people who identify as gay, lesbian, bisexual, transgender and intersex.

Supporting diversity in our city

On 20 June 2013, Council hosted the Refugee Week Event where funds were raised to support the Brigidine Asylum Seeker Project in Albert Park. The event featured Council's launch of the National Anti-Racism Campaign: 'Racism. It stops with me', a presentation of Multicultural Arts Victoria's refugee women project 'Intertwined stories on the wall' and a special preview of the Multifaith Network's short film 'A Common Belief'. The City of Port Phillip is among a number of councils who have declared themselves 'Refugee Welcome Zones', enabling councils to celebrate diversity and acknowledge the importance of the human rights of refugees.



Registrations reach 1,400 on the Linking Neighbours Program

The Linking Neighbours Program continues to grow with approximately 1,400 residents on the Community Register. This program is a partnership between City of Port Phillip, Victoria Police St Kilda and a working group of local residents. The program provides a Seniors Register and a friendly neighbourhoods program, targeting people who are isolated, have support needs or are vulnerable in some way.

Reconciliation Action Plan receives national recognition

The City of Port Phillip Reconciliation Action Plan was showcased at the Great Hall of Parliament in Canberra. The event was held in conjunction with the Prime Minister's annual Statement to Parliament on the progress of the Government's 'Close the Gap' initiatives.

From top to bottom:

Fun at the Seniors Festival

Deep Bay Dream by Shane Lovett



Supporting vulnerable families

The City of Port Phillip and HomeGround Housing Services are working together to engage, support and link refugee families with their local area and the services available to them, as well as providing supportive playgroups for vulnerable families.

Clarendon Family Centre

An architect was appointed to oversee the internal refurbishment of 400 Clarendon Street in South Melbourne into a family centre. The new family centre will deliver space for maternal and child health, allied health consultations, toy library, storage, meeting space, new parent groups, playgroups and multiple other child and family-related purposes.



Sod turn a momentous occasion for Port Phillip families

Council celebrated the start of construction of the new Port Melbourne Family and Children's Centre in Liardet Street in July 2012. The facility will provide invaluable services for future Port Phillip residents, with maternal and child health services and spaces for playgroups, new parent groups and other community uses. Up to 135 licensed children's services places will be accommodated on site.

Opening of Bubup Nairm Family & Children's Centre

The name of the new Family and Children's Centre, previously known as St Kilda Family and Children's Centre was determined after consultation with Aunty Carolyn Briggs, Boon Wurrung Senior Elder and the Boon Wurrung Foundation.



Service delivery at the centre commenced in late February 2013 and the building was officially opened in June 2013 with a Sunday afternoon spectacular welcoming over 800 people for a traditional smoking ceremony. Opening celebrations also featured a special appearance by Dora the Explorer, music, food, face-painting and balloons for all. It was a very positive and successful day.

Building capacity in the community

Council provides an annual training program to build the capacity of the local community sector. This financial year professional trainers delivered the following programs to the community sector: Reconciliation Action Planning Workshop, Community Sector Governance Capability Framework, Community Sector Workforce Capability Framework, Grant Writing Skills Development Workshops, and Recruitment and Retention of Volunteers.

From top to bottom:

City of Port Phillip
Access Plan

Sod turning at
Liardet Street

From top to bottom:

Aerial view of
South Melbourne

City of Port Phillip
volunteers at Expo



State Budget delivers new school for South Melbourne
Council was pleased with funding in the State Budget to purchase land in South Melbourne for a new primary school as well as a two-storey relocatable classroom for Port Melbourne Primary School. This is a great example of Council working with community action groups and local Members of Parliament to advocate for the needs of the Port Phillip community.

Inaugural Volunteer Expo

Council supported the inaugural Port Phillip Volunteer Expo in collaboration with a team of 12 local community organisations and hosted guest speaker Khadija Gbla at the Port Melbourne Town Hall. Held in May 2013, the Expo was attended by 150 community members who explored opportunities for volunteering across the City. The 28 participating organisations reported strong interest from community participants, with many recruiting new volunteers from the event.

Highlights from Friends of Suai

Highlights of 2012/13 include an Observer Mission to oversee the 2012 Timorese Elections; the development of accredited training and scholarships programs at the Covalima Community Centre in Suai; and the continuation of the Women's Livelihood Program involving more than 100 women from rural areas in capacity building and economic development.

Converting community centre for kindergarten

Council has increased children's services places in Port Phillip by pursuing a number of options such as converting Elwood Beach Community Centre (EBCC) into a longer term kindergarten and supporting Lady Forster Kindergarten to remain at the EBCC. This has freed up early childhood education and care places at Liardet Street Family and Children's Centre, subsequently increasing early childhood education and care places in the City of Port Phillip by 49.



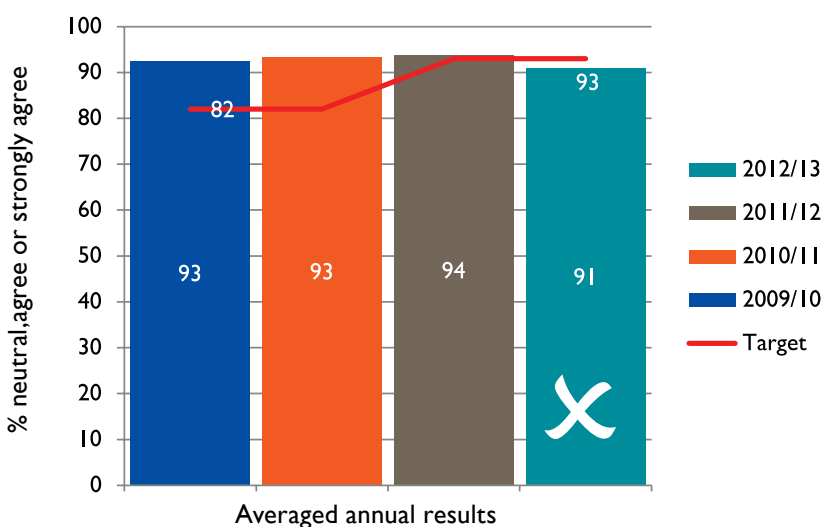
3.2 CREATIVE, ACTIVE AND CULTURALLY DIVERSE LIFE

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

Port Phillip is known for its culture of creativity, learning and physical activity.

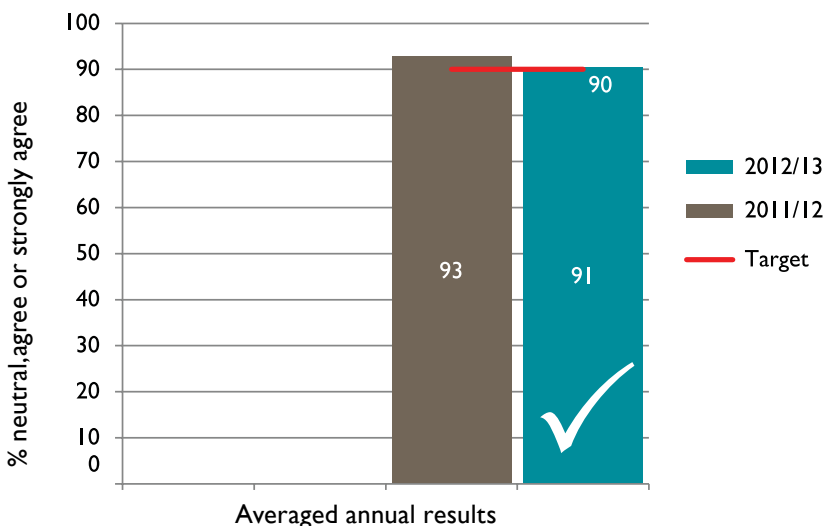
INDICATORS OF ACHIEVEMENT



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

This indicator is considered 'not on track-minor' at the end of 2012/13.

The 2012/13 averaged result has fallen two percentage points below a very high target however this is not a statistically significant shift in the survey results.



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

This indicator was introduced in 2011/12, and at the end of 2012/13 it is considered 'on track'.

Results for the previous two years have been consistently at or above the target.

COUNCIL PLAN ACTION STATUS

- | | |
|--|----------|
| • Ensure that the city continues to be a vibrant and affordable place for a diversity of artists to work | Complete |
| • Continue to maintain and innovate Council's library services to optimise their use, including as cultural opportunities | On Track |
| • Work with and support Neighbourhood Learning and other community centres to form a vibrant and welcoming network throughout the city | Complete |
| • Work with and support local schools and post-secondary education providers | Complete |
| • Redevelop and maintain sporting and recreational facilities | On Track |
| • Support and revitalise arts precincts across the city as integrated arts, learning and cultural centres | On Track |



HIGHLIGHTS

St Kilda Library refurbishment

The St Kilda Library reopened in early February 2013 after a four-week long refurbishment. Improvements include better access to the new public toilets and a parenting room, replacement of the front circulation desk, improved access to the internal returns chute, new carpet, lighting, furniture and display shelving. During the refurbishment, a temporary library was set up at the St Kilda Town Hall.

Work continues on new library and heritage centre at Emerald Hill

A temporary library service has been operating from South Melbourne Town Hall while work to create the new Emerald Hill Library and Heritage Centre is completed. The centre will provide more space for library services, larger collection of books, DVDs and CDs and a new focus on local history and cultural heritage services.

High quality vacation care

Vacation care services averaged over 90 children per day over each of the four school holiday programs and 61 children attended the four horse riding camps. The service is committed to providing equitable access and diverse learning opportunities for school children aged 5 to 12 years.



Showcasing local and Indigenous art at the St Kilda Town Hall

The Gallery at St Kilda Town Hall hosted a number of exhibitions this year including:

- 'Atmospheric Mapping', the exhibition by artist Josephine Rowbury
- 'Experiments in Sepia', by photographer Terri Anderson and artist Marina Mason
- 'Confined 5', the premier visual arts exhibition featuring contemporary works by Indigenous prisoners in Victoria returned to St Kilda as part of the Yalukit Wilum Ngargee Festival and is now in its fifth year
- Local St Kilda Studio106 presented 'Collective Momentum,' a visual arts exhibition by a diverse group of artists
- Kitchen Talks: the food and culture of Timor-Leste a community arts project involving first generation Timorese immigrants celebrating their culture through images, recipes and stories collected in the kitchen with photographer Jorge de Araujo, and writer Carmelita Gomes.



Our community facilities build strong, healthy neighbourhoods

Council provides a broad range of community facilities across the municipality. Over the past year Council has undertaken an audit of its portfolio of community facilities and sought feedback from the community via a series of consultations on how to improve service delivery in this area.

Northport Pavilion redevelopment

Council has completed works at the Norm Goss Stand at North Port Oval including refurbishing change rooms and amenities and a refurbished social room with new accessible toilets.

From top to bottom:

St Kilda Library
refurbishment

North Port Oval

4.1 A SENSE OF PLACE

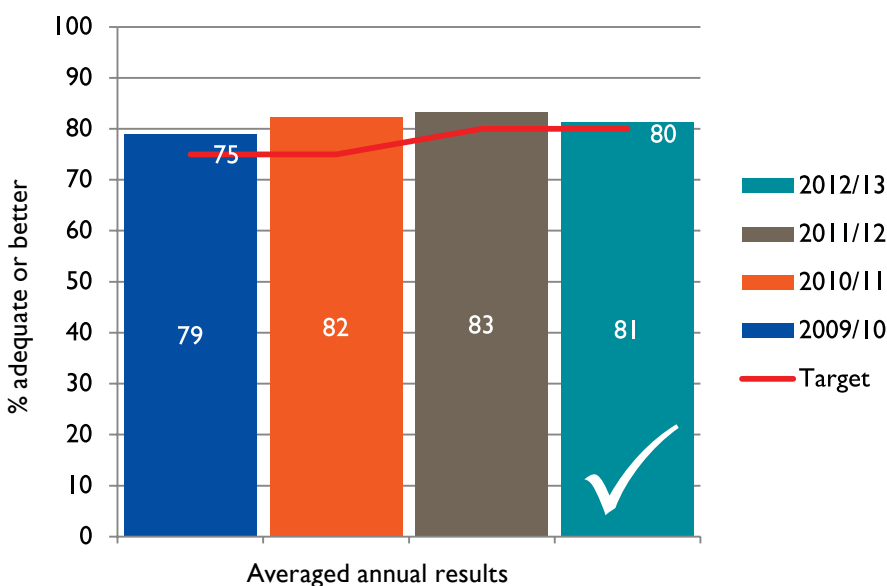
We will improve safety, convenience, and accessibility to our public spaces.
 We will encourage harmony in our neighbourhoods and the creation of beautiful places while protecting and valuing our heritage.

ACHIEVEMENT WILL LOOK LIKE

A safe area to be
 Neighbourhoods that people are proud of, connected to, and enjoy

INDICATORS OF ACHIEVEMENT

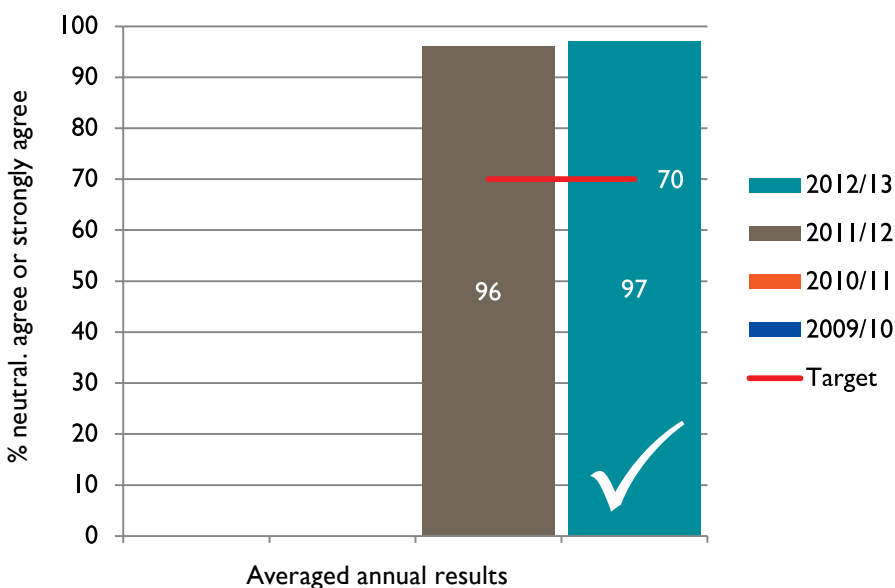
Community perception of safety and security in the City of Port Phillip



This indicator has consistently exceeded the target for the past four years of reporting, even when the target was increased in 2011/12.

At the end of 2012/13, this indicator is considered 'on track'

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

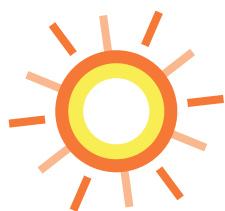


At the end of 2012/13, this indicator is considered 'on track'.

Results for the previous two years of data collection have consistently and significantly exceeded the target.

COUNCIL PLAN ACTION STATUS

• Integrated approach to the revitalisation of neighbourhoods based on sustainable urban design	Not on Track - Minor
• Actively lobby to change state planning policies to enhance local liveability	Complete
• Implement Year Three of the Street Tree Upgrade Program	Complete
• Partner with the State Government and relevant agencies to manage the cumulative impact of licensed venues	Complete
• Review and implement the Health & Wellbeing Plan	Complete
• Implement the Gambling Policy	Complete
• Build on existing networks to develop an integrated response to reducing harm to the community in relation to alcohol and drug-related issues	Complete
• Implement Council's street sex work policy	On Track
• Promote women's safety	Complete
• Strengthen heritage controls by progressively reviewing heritage overlays	Complete
• Continue with the heritage recognition program	On Track
• Continue to adapt St Kilda Botanical Gardens, Catani Gardens and St Vincent Gardens to provide for a more sustainable future for the gardens	Complete
• Maximise opportunity to integrate sustainable outcomes into streetscape redevelopments	Not on Track - Minor
• Ensure the long-term management of Gasworks and other sensitive sites	Not on Track - Minor
• Prepare a policy to balance sustainable design and heritage outcomes	Not on Track - Minor



HIGHLIGHTS

St Kilda Promenade tree planting

An increased need for shade trees was identified in Council's Foreshore Management Plan which resulted in nine new *Araucaria Columnaris* (Captain Cook's Pines) being planted at St Kilda Promenade, close to Donovan's Restaurant. The existing garden beds have also been extended, with community members volunteering to water these trees until they are established.

Fifth entry gate installed at the St Kilda Botanic Gardens

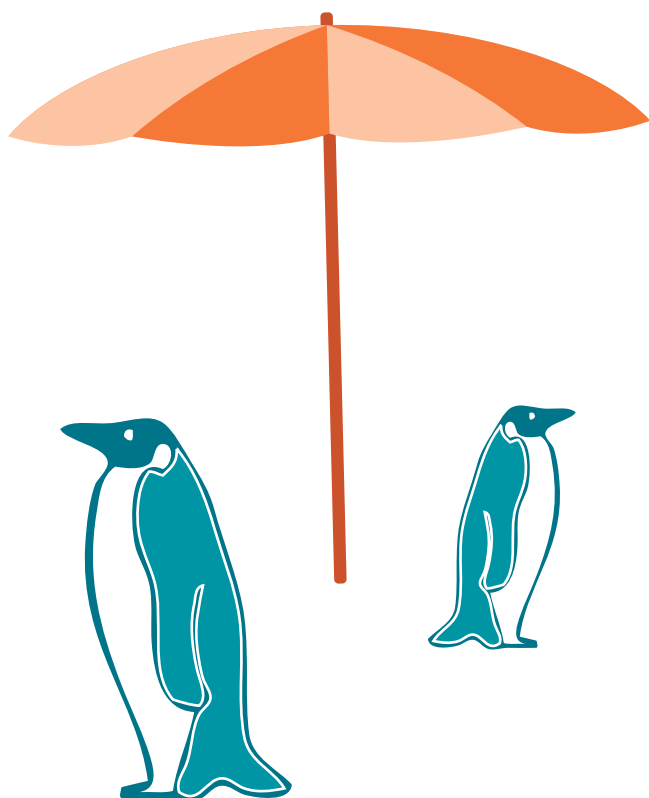
A fifth and final bespoke entry gate was installed at the St Kilda Botanic Gardens in September 2012. Using specialised blacksmithing techniques and motifs such as a stiletto, a back pack, a dog collar and a painter's palette, the final gate pays homage to the people that use and enjoy the gardens.

Increased lighting and other benefits to Greeves Street

As part of the streetscape improvement program, Council undertook a renewal project for Greeves Street, St Kilda. Community benefits include additional lighting, two new syringe bins, the removal of bushy foliage and improved drainage. Council continues to work with Victoria Police, Gatehouse and Good Shepherd to respond to the issues that affect this site.

Making our streets safer for all

Between 2007 and 2011 serious injury collisions between road users were reduced by 45% in the City of Port Phillip. Serious pedestrian injuries were reduced by 57% and serious motorcyclist injuries were reduced by 63% in the same period.



Improving quality and safety in our neighbourhoods

Council undertook consultation about changes to its Local Laws around noise controls, smoke and alcohol free areas, rubbish and illegal camping. Council's Local Laws provide for the peace, order, safety and good governance of Port Phillip.

Lighting the way in Port Melbourne

Turville Reserve received feature lighting under the Graham Street bridge to improve sense of place and safety along key pedestrian routes. The feature lighting compliments safety lighting along pathways and changes with the seasons. The lights are blue and aqua in winter, green/yellow in spring, green in summer and orange in autumn.



Heritage Overlay 1 enters Port Phillip Planning Scheme

Planning Scheme Amendment C89 implements the Review of Heritage Overlay 1 and was publicly exhibited in April/May 2012 with 13 written submissions received and considered by Council. An Independent Planning Panel considered all submissions in November 2012. The Panel report recommended amendment C89 be adopted as exhibited, subject to administrative changes. Council adopted Amendment C89 in January and it was approved by the Minister in May 2013.



Open House Melbourne's first foray into the City of Port Phillip

Over 4,000 people visited seven sites across the City of Port Phillip as part of the Open House Melbourne scheme. Sites included South Melbourne Town Hall, the Portable Iron Houses, Edgewater Towers, Princes Pier, the Australian Tapestry Workshop, the Palais Theatre and the Esplanade Vaults.

Addressing health and wellbeing in our community

Developed in partnership with the community, the 2013 -2017 Port Phillip Municipal Public Health and Wellbeing Plan identifies priority issues for the health and wellbeing of the local community over the next four years. The final plan will guide Council when making policy, program and budget decisions and in doing so, will ensure that the voice of community is integrated into all areas of Council work. It will be supported by a 'living' Action Plan designed in consultation with the Port Phillip community.



From top to bottom:

Turville Reserve lighting

Heritage architecture
in Middle Park

Residents learning about
health and food

From top to bottom:
 Bay Street intersection
 Dogs at Gasworks Park
 Sustainable amenities
 in Middle Park



CHALLENGES

Zone changes delay amendment for Bay Street

In May, the Minister for Planning announced the introduction of new commercial zones to replace existing business zones. This requires Council to redraft the proposed planning scheme amendment to implement the Bay Street Structure Plan.

Managing sensitive sites in the City

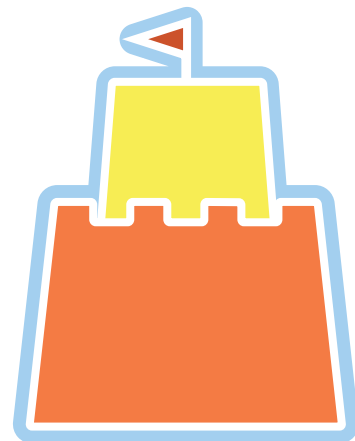
A reference group has been established to help determine the future of Gasworks Park. Remediation has been delayed to allow due by site investigations of soil and groundwater quality.

Integrating sustainable outcomes into streetscape redevelopments

Designs for streetscape works in Port Melbourne and Blessington Street, St Kilda have been delayed. These works in Port Melbourne form part of the Port Melbourne Developer Contribution Plan and will occur in alignment with the re-development of abutting properties in the area. The works in Blessington Street were re-scoped to include bike and footpath trading infrastructure. Consultation on the design will be completed in 2013/14 to enable construction in 2014/15.

Balancing sustainable design and heritage

Council at its December 2012 meeting resolved to request the Minister for Planning for authorisation to exhibit a Local Policy on Energy Efficient Design. This process has been delayed as the State Government has referred the amendment to a joint Panel and Ministerial Advisory Committee.



4.2 SHAPING THE FUTURE OF OUR CITY

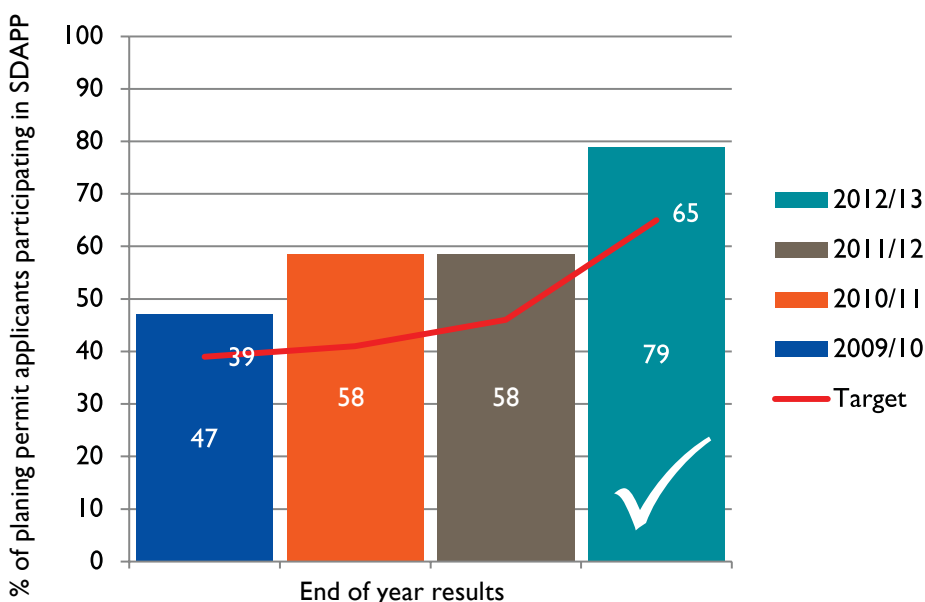
We will balance community and social planning with future developments.
 We will use best-practice quality urban design to ensure sustainability, to protect our open and public spaces and to create a less car-dependent city.

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

Number of planning permit applicants participating in the Sustainable Design Assessment in the Planning Process (SDAPP) program with Port Phillip



This indicator is considered 'on track' at the end of 2012/13, and has consistently achieved an above target result, even with the target being increased on an annual basis. This is an excellent result, with the rapid increase in SDAPP eligible applications partially due to a more accurate tracking process of planning applications and an increase in the number of referrals to the program.

COUNCIL PLAN ACTION STATUS

- | | |
|--|----------------------|
| • Advocate for state government policy for environmentally sustainable development planning provisions | Complete |
| • Encourage the uptake of environmentally sustainable design (ESD) in all new developments | On Track |
| • Ensure that new development makes a positive contribution to the public realm | Complete |
| • Implement the Walk & Bike Plans | Complete |
| • Improve the quality and safety of the city's walking and cycling infrastructure | Complete |
| • Implement the Economic Development Strategy | On Track |
| • Support local businesses | On Track |
| • Strengthen links between local community and businesses | On Track |
| • Develop and implement a South Melbourne Market Strategy | On Track |
| • Lower the speeds of vehicles on shopping strips and residential streets | Not on Track - Minor |



HIGHLIGHTS

Green Building Week raises the profile of sustainable design

Council hosted its inaugural Green Building Week in September 2012. The week featured events to raise the profile of sustainable design including expert guest speakers and free sustainable design consultations.

Development of Metropolitan Planning Strategy

As Melbourne continues to grow it is important for this growth to be well-planned for the long term. Council made detailed submissions to the State Government as part of the development of the Metropolitan Planning Strategy through the discussion paper, *Melbourne let's talk about the future*. The new strategy aims to direct and manage Melbourne's growth and change over the next 40 years.

Council takes responsibility for Beacon Cove

Council has agreed to take over management of the Beacon Cove Estate from Major Projects Victoria. As part of this process, Council has gradually taken on maintenance of the estate and is working closely with the community. As the Committee of Management, Council will ensure responsive and proactive management of the area. Official handover will occur in late 2013.

State Government planning reform

Throughout the year Council represented the community by responding to a range of important State Government planning reforms. Council made detailed submissions to the new residential and commercial zones reform program. The new residential zones offer greater recognition of neighbourhood character. Council will commence the implementation of the new zones in the later part of 2013.

Draft St Kilda Road North Precinct Plan

Developed following earlier community consultation, the St Kilda Road North Precinct Plan sets a vision for the precinct that will guide development over the next 30 to 40 years. The plan will ensure a well-serviced, high amenity living and working environment into the future. The plan includes provision for mandatory height and setback controls to further enhance the boulevard character and the amenity of the area.

VicRoads speed limit review

VicRoads announced preliminary results from its review of speed limits in Victoria. As a result, VicRoads is consolidating various speed limits that currently exist on Carlisle Street between Brighton Road and Hotham Street to 40kph, from 7 am to midnight daily. This proposal is a big win for the safety of all road users in Carlisle Street.

Recognising business excellence

The 2012 CitiPower Port Phillip Business Excellence Awards culminated with an award presentation on 13 September 2012. Over 300 local business people, staff, family and friends and award partners celebrated a diverse range of achievements at the gala event.

Supporting local businesses

The City of Port Phillip's business activity centres have encountered both physical and economic pressures in recent years, including a tighter financial climate, greater housing density, higher rents, increased online purchasing and more aggressive competition from external centres. To address some of these issues and inform future Council projects, Council held a series of networking evenings with local businesses in Carlisle Street, Middle Park and Albert Park to discuss recent concerns. These sessions provided an opportunity for businesses to meet with local councillors and City of Port Phillip staff to engage on projects that may impact business operations.

Securing the future of the South Melbourne Market

Council installed a new dynamic parking signage system in the South Melbourne Market precinct, which provides real-time information on parking availability and makes it easier for people to locate a space. Other improvements included completing the new sustainable roof, resurfacing works on Deli Aisle and upgrading the public address system.

CHALLENGES

Lowering neighbourhood vehicle speeds to increase safety

Changes at VicRoads have delayed the implementation of lowered speeds in Victoria Avenue and Bridport Street shopping and residential streets. Council will continue working with VicRoads to secure the necessary authorisation to enable the 40 kph limits in these areas.

4.3 CARING FOR OUR NATURAL ENVIRONMENT

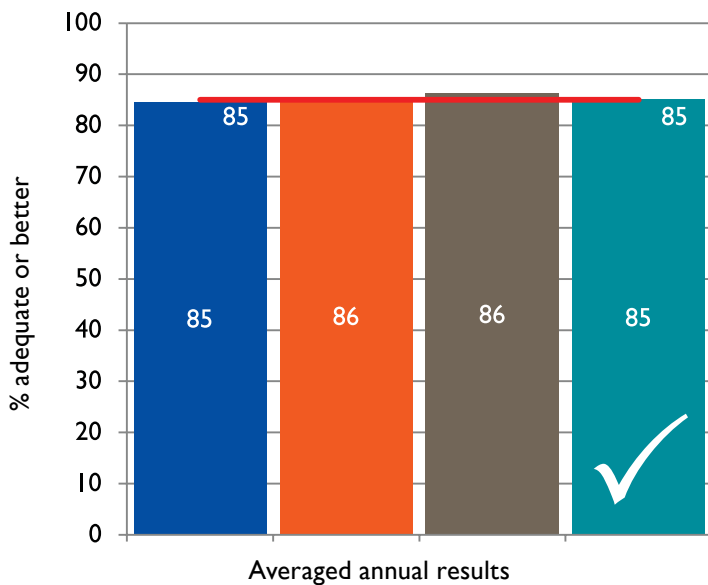
We will protect and preserve our natural environment and will continue to care for our bays, foreshores and open spaces.

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

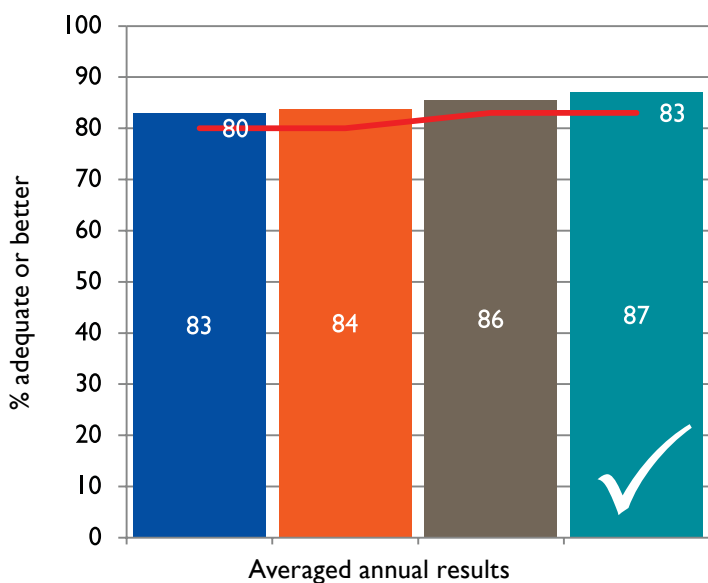


2012/13 Community satisfaction with parks and open space

2011/12
2010/11
2009/10
Target

This indicator has consistently achieved the stated target, with a 2012/13 status of 'on track'.

The 2012/13 results have been reasonably consistent and in line with the stated target. This is a good result, which highlights the consistent satisfaction the community has with the City of Port Phillip's parks and open spaces.



2012/13 Community satisfaction with beach cleaning

2011/12
2010/11
2009/10
Target

Results have been consistently above target for the past four years, with the indicator achieving a status of 'on track' at the end of 2012/13. The 2012/13 averaged annual result is four percentage points above target which illustrates a consistent level of community satisfaction with beach cleaning.

Community participation in opportunities to care for the natural environment

This indicator has been achieved for 2012/13, with 415 people participating in six planting days across the City. Council also supports 10 Conservation Volunteers Australia (CVA) days, where CVA work with Council's maintenance contractor, Citywide to undertake tree planting between May and June 2013. Volunteers are from within and outside the municipality and can even be from overseas.



COUNCIL PLAN ACTION STATUS

- | | |
|---|----------------------|
| • Pursue an integrated approach to coastal and foreshore management | On Track |
| • Implement a “greening” strategy in addition to trees for shading and greening the city. | On Track |
| • Support and promote community and Council initiatives in caring for our environment | On Track |
| • Implement a strategy for the management of City of Port Phillip Life Saving Clubs | Not on Track - Minor |



HIGHLIGHTS

Elwood benefits from coastal research

Elwood residents are better equipped to deal with future environmental impacts thanks to a new research report on coastal adaptation. The Port Phillip Bay Coastal Adaptation Pathways research report features five case studies from Bayside councils (including Elwood Canal) and shows the cost-benefits of managing changing flood risks through proactive adaptation responses. The project was funded by the Australian Government and is led by the Association of Bayside Municipalities and the Municipal Association of Victoria.

Port Melbourne beach access and dune fencing

Council undertook landscape works to improve beach access while protecting and enhancing native dune grasses. Beach access and dune fencing was identified as ‘high value’ in the Foreshore Management Plan, which was developed in consultation with the community over more than two years. There are over 15 different native grass species found in the Princes and Pickles Street dunes and several of these grasses are of ‘regional significance’.



No Cuts No Butts

This is the third year that Council has run the No Cuts No Butts campaign over the summer period. This year Beach Patrol 3206 and Beach Patrol 3207 joined with the EcoCentre and Lauren the Litter Fairy to spread the message. Statistics from the second year of the No Cuts No Butts campaign show the total amount of glass found on beaches decreased by nearly 50% and the average number of cigarette butts found per beach decreased by over 60%.

Foreshore bike path upgrade

More than 11 km of the Bay Trail recreational bike path was upgraded this financial year, including new line marking, bike path stencils, resurfacing and removal of path hazards. This has improved safety for bike riders and pedestrians.

From top to bottom:

Bay opening to Elwood Canal

Council's No Cuts No Butts summer campaign

CHALLENGES

Supporting local life saving clubs

Council continues to work with the South Melbourne and Port Melbourne Life Saving Clubs to help ensure these valuable community assets are fit for the future.

4.4 MAJOR CITY PROJECTS

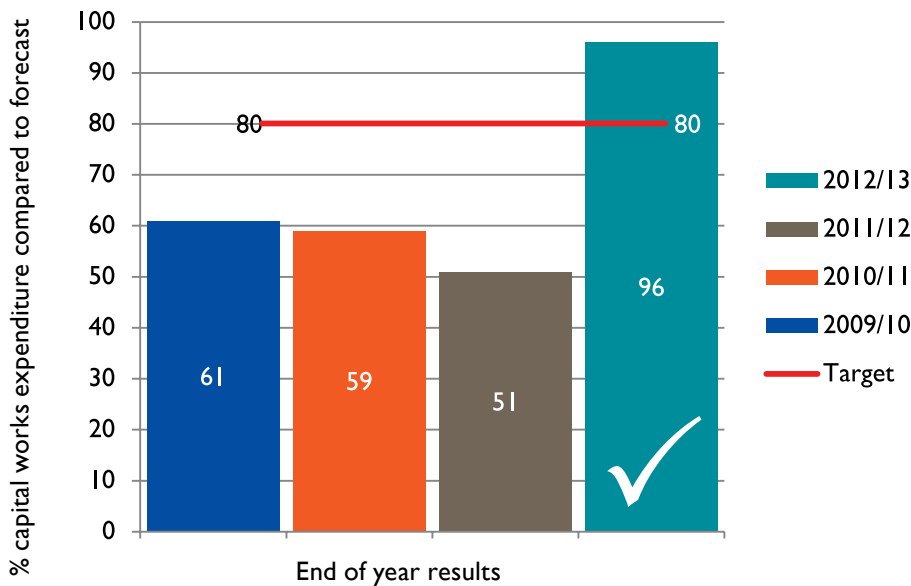
We will strive to ensure that major projects enhance liveability and balance development with community values.

ACHIEVEMENT WILL LOOK LIKE

The delivery of new major projects that enhance liveability

INDICATOR OF ACHIEVEMENT

The proportion of the capital works program that is delivered on budget



This indicator is considered 'on track' as at 30 June 2013. Council has spent \$43.01 million for 2012/13 compared to the year-to-date forecast of \$44.99 million. This comprises a greater proportion of capital works delivery than previous years, where final results were impacted by a large proportion of expenditure linked to major projects now under construction.

The proportion of the capital works program that is delivered on time

This indicator is 'on track' with an end of year result of 94% against a delivery target of 80%. A total of 119 (61%) of projects were completed, with 48 (25%) of projects carried over to 2013/14, 21 (11%) of projects deferred and five (3%) of projects were removed from the program. This is the first year this indicator has featured in the Council Plan, hence there are no previous results.

COUNCIL PLAN ACTION STATUS

- Continue to engage the community in the future use of the St Kilda Triangle site On Track
- Ensure strong Council and community engagement in any redevelopment of the Port Melbourne Waterfront Urban Design Framework to secure a sustainable future for the precinct On Track
- Implement the Carlisle Street Structure Plan On Track
- Continue to advocate against the Grand Prix being staged in Albert Park Reserve On Track
- Actively engage in the redevelopment of St Kilda Harbour Complete
- Continue to advocate for the return of rail freight services to Webb Dock On Track
- Finish the Luna Park Interchange Stage 2 work Complete
- Develop and implement the Marina Reserve Masterplan including skating facilities Not on Track - Minor



HIGHLIGHTS

St Kilda Triangle Vision gets green light

After more than two-and-a-half years work and more than 1,000 people participating in the consultation and engagement process, Council adopted St Kilda Triangle Vision 2012. The document provides a framework to guide the planning and design for the future of the site. The next steps are a review of the market feasibility study and a project delivery framework to allow Council to procure services to help implement the vision.

Designs on 1-7 Waterfront Place, Port Melbourne

The future of 1-7 Waterfront Place, Port Melbourne will be better protected and enhanced through a set of detailed draft Design Guidelines which aim to give the community certainty and inform an Amendment to the Planning Scheme (C104) which will guide decisions on any development applications.

Balaclava Station gets a redesign

Council was pleased to see construction start at Balaclava Station. Community feedback received last year played a key role in shaping final designs. The station upgrade will now include an additional six Myki readers, bringing the total to 10 Myki readers across both platforms. There will also be some changes to the external facade to help provide better visibility.

Improvements to the Luna Park interchange

Stage Two of the Luna Park Interchange project was completed, with the upgrade of this essential tram stop resulting in better safety for tram users and visitors to Luna Park. The project was achieved by Council working collaboratively with Yarra Trams. Council also upgraded the Luna Park Forecourt by removing a slip lane into Cavell Street, increasing the paved area and improving pedestrian safety in the area. A design feature is an inlaid crown design, which reflects the Luna Park entrance. New underground drainage infrastructure has been constructed as a part of the project, ensuring that storm water flows from the Upper Esplanade are directed away from the Luna Park entrance.

Marina Reserve Open Day

St Kilda's iconic foreshore has been transformed with the opening of a new family park, including world class skating infrastructure. The Reserve Open Day in March 2013 offered activities for the whole family. The new family park features beachside BBQs, a picnic and play area, excellent skating opportunities, accessible walking paths, a new bike lane and great views of the water and skyline.

CHALLENGES

Changes in the north of our municipality

Council continues to work closely with the State Government following its decision to rezone Fishermans Bend as a Capital City Zone. Council has spent two years with the community developing the comprehensive Montague Structure Plan to ensure delivery of the Montague precinct as a well planned, high quality community.

Completing works for Marina Reserve

Construction works for this iconic site have been completed, although further landscape plantings are required to finish the work.



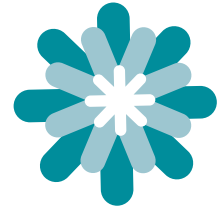
From top to bottom:

Aerial view of
St Kilda Triangle

Beacon at Port Melbourne

Skater at Marina Reserve

ASSET MANAGEMENT PERFORMANCE



Council is responsible for the management of over \$2 billion worth of land and infrastructure assets including roads, footpaths, drains, buildings, parks and open space.

Building a sustainable community requires an effective asset management regime. The term 'asset management' in this context means the application of management, financial, economic, engineering and other practices to physical assets over their lifecycle with the objective of providing the levels of service required and expected by the community in the most cost effective and sustainable manner.

ASSET MANAGEMENT PLANS

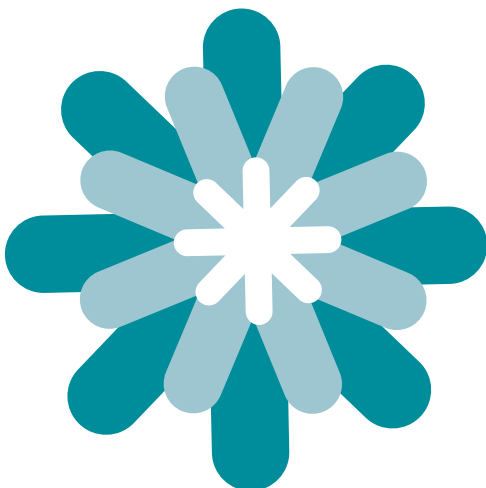
One of the key challenges facing Council is how to sustainably balance investment in new asset intensive services with the need to maintain existing asset intensive services at levels of cost and quality that are acceptable to the community.

Asset management plans for roads, buildings, drains, lighting, parks and open space capture Council's understanding of service level requirements on these assets and the capability to meet those requirements. Each asset management plan includes condition assessments for each of the approximately 1,000 assets under Council control. Information on asset condition underpins effective, proactive operational and capital investment programs by enabling the prediction of maintenance, rehabilitation, renewal and disposal requirements. Asset condition is also critical to the management of risk, because it relates to the likelihood that the asset will physically fail.

In 2012/13, a comprehensive review and update of Council's asset management plans for major asset classes was undertaken as part of a four year cycle. Rehabilitation and renewal funding requirements are reviewed each year and form a significant component of the annual Capital Works Program and the Long Term Financial Plan.

ASSET INVESTMENT PROGRAM

Capital investments on assets cover the upgrade, creation or acquisition of new assets – typically to address growth in demand or changes to the required level of service; and the rehabilitation or renewal of existing assets – usually to prevent these assets from falling below service levels or to extend their service life.



NEW AND UPGRADED ASSETS

In 2012/13, many new assets were created and existing assets upgraded, including a major new family and children's centre in St Kilda, a roof over the South Melbourne Market, a new skate park and playspace in Marina Reserve, a major upgrade of the Elwood Foreshore, implementation of the Bike and Walk Plans and the upgrade of Luna Park forecourt.

ASSET RENEWAL

In 2012/13, a wide range of existing assets were rehabilitated or renewed, ranging from playgrounds and parks to buildings, footpaths and roads.

The 2012/13 financial year saw Council undertake \$41.4 million worth of capital works on 160 projects across the City and Council plans to expend \$29.1 million in 2013/14. These projects are directed towards the achievement of Council's vision of the Port Phillip municipality being an engaged, healthy, resilient and vibrant city.

MAJOR PROJECTS

- Bubup Nairn Family & Children's Centre, \$7.44 million
- St Kilda Library, \$220,000
- South Melbourne Market Roof, \$4.51 million
- Palais Theatre upgrades, \$490,000
- Luna Park forecourt, \$700,000
- Land purchase in Emerald Hill Place, \$1.25 million

MASTERPLANS

- Marina Reserve Masterplan, \$3.55 million
- Murphy Reserve Masterplan, \$450,000
- Elwood Foreshore Masterplan, \$1.05 million

STRATEGIES

- Greening Port Phillip (street tree planting), \$610,000
- Environmental building retrofits, \$90,000: St Kilda Town Hall (Lighting & HVAC)
- Disability Discrimination Act compliance, \$80,000: St Kilda Town Hall and pram crossings (footpaths)
- Walk Plan, \$580,000
- Bike Plan, \$180,000
- Elsternwick Park water harvesting, \$130,000
- South Melbourne Market upgrades, \$350,000
- Water sensitive urban design (WSUD), \$230,000
- Dynamic parking signage (South Melbourne Market), \$290,000

RENEWAL

- BUILDING RENEWAL PROGRAM, \$360,000
 - South Melbourne Town Hall carpet
 - St Kilda Town Hall façade
 - Elwood Life Saving Club
 - Linden Gallery
 - Sandridge Life Saving Club
 - Middle Park Community Centre
 - Mary Kehoe Community Centre

- DRAINAGE RENEWAL PROGRAM, \$720,000
- PLAYGROUND RENEWAL PROGRAM, \$260,000
 - Plum Garland Playground, Albert Park
 - Morris Reserve, Port Melbourne
- FOOTPATH RENEWAL PROGRAM, \$1.35 MILLION
 - Approximately 8 km of footpath or around 2% of the total footpath network was renewed.
- KERB RENEWAL PROGRAM, \$690,000
 - Montague Street, from Park Street to Bank Street, South Melbourne
 - Addison Street, from Glenhuntly Road to Shelly Street, Elwood
 - Leyell Street, St Kilda
 - Corner of Harold Street and Canterbury Road, Middle Park
 - Broadway from Shelly to Byron streets, Elwood
- ROAD REHABILITATION PROGRAM, \$1.98 MILLION
 - Richardson Street from Kerferd Road to Phillipson Street, Albert Park
 - Beach Avenue from Ormond Road to Spray Street, Elwood
 - Meredith Street from Ruskin Street to Broadway, Elwood
 - Esplanade Place off Spring Street, Port Melbourne
 - Little Grieg Street from Richardson to Smith streets, Albert Park
 - Chaucer Street from Blessington to Baker streets, St Kilda
 - Little Withers Street, Albert Park
 - Southey Grove, Elwood
 - Little St Vincent Street from Durham to Smith streets, Albert Park
 - Coleridge Street, Elwood
 - Montague Lane, South Melbourne
 - Garden Court, Elwood
- ROAD RESURFACING PROGRAM, \$1.69 MILLION
 - Approximately 3.7km of local roads or around 1.5% of the total road network was re-surfaced.
- IRRIGATION SYSTEMS RENEWAL, \$520,000
 - St Kilda Botanical Gardens
 - Murphy Reserve, Port Melbourne
- STREET SIGNAGE & FURNITURE RENEWAL PROGRAM, \$320,000

MINOR PROJECTS

- Greeves Street, St Kilda streetscape, \$230,000
- Graham Street Depot, Port Melbourne \$130,000

TOWARD ZERO PERFORMANCE

In 2007, the City of Port Phillip introduced a revised environmental agenda for the municipality and Council operations through its umbrella environment strategy, **Toward Zero Sustainable Environment Strategy**. **Toward Zero** outlines nine key sustainability challenges for the City of Port Phillip, with targets and a 2020 timeline for some key challenges.





Family riding around
the City of Port Phillip.
Photo: Chris Cassar

HIGHLIGHTS OF COUNCIL'S SUSTAINABILITY ACTIVITIES IN 2012/13

In 2012/13, Council water use increased by 53% compared to the previous year, although it is currently a 59% reduction compared to the 1996 base year (2020 target is 70%). The increase this year was due to the extra irrigation of open space and sporting facilities and a small but steady increase in indoor water use across Council buildings including the South Melbourne Market.

Greenhouse gas emissions continued to fall (currently 37% below 1996 base year; 2020 target of net zero), waste has reduced (currently 19% below 2011 base year, 2020 target of 80%), and there has been an increase in sustainable purchasing (currently 6% of Council spending, 2020 target of 70%).

There has been significant progress in community water conservation (currently an 18% reduction on 2000 base year, 2020 target of 50%).

HIGHLIGHTS FROM THE YEAR

Port Melbourne Bikefest

The Port Melbourne Bikefest was held on Sunday 3 March 2013 at which approximately 800 metres of Bay Street was 'car free' and closed to traffic from Beach Street to Bridge Street. The event was presented by the Port Melbourne Traders Association and supported by Council through funding and in-kind support. A first of its kind for the City of Port Phillip, the Bikefest helped to realise one of Council's goals of creating a bike riding culture within our city. The festival attracted around 10,000 attendees and reached over two million people through radio, print, websites, blogs and social media coverage.

LIVE Community Power

In August 2012, community group Locals Into Victoria's Environment (LIVE) was allocated funding from Council to carry out a feasibility study on ways to generate renewable energy on the new South Melbourne Market car park roof.

Over 50 people attended the first 'LIVE Community Power' community meeting in May 2013, at which the project team answered questions about the project and sought volunteers. A specification for quotations from solar power installers for the South Melbourne Market rooftop has been finalised, and the project will continue to address financial and technical barriers in 2013/14.

Green Business Environmental Leadership Pilot Program

Businesses in St Kilda Village participated in the Green Business Environmental Leadership Pilot Program during May and June 2013. This program was developed with the assistance from the Port Phillip EcoCentre and support from the St Kilda Village Traders Association.

Sustainability initiatives included organising Council recycling services for businesses, setting up an organic waste disposal program with the EcoCentre, and organising energy efficient lighting upgrade quotations for local businesses. The results have demonstrated that with direct assistance, local businesses can become more sustainable. The total financial savings for the 31 participating businesses was in excess of \$27,000 per annum, with a reduction of over 1,180 tonnes of carbon emissions per year. This equates to an average saving of \$875 and 38 tonnes of carbon emissions per business.

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 content changes to the methodology and content of the Community Satisfaction Survey to provide more reliable and meaningful results. These changes limit direct comparisons with previous year results

Category	Indicator	Definition	2009/10 Result	2010/11 Result	2011/12 Result	2012/13 Result
Overall Performance	Community satisfaction rating for overall performance	Council result from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. The result represents an weighted index score out of 100.	67	67	65	66
Advocacy	Community satisfaction rating for Council's lobbying on behalf of the community	Council result from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. The result represents an weighted index score out of 100.	64	65	58	55
Engagement	Community satisfaction rating for Council's community consultation and engagement	Council result from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. The result represents an weighted index score out of 100.	64	62	60	61
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, 161A of the Local Government Act 1989 • municipal charges and service rates and charges (i.e. garbage services) levied under ss.159, 162 respectively • supplementary rates declared, divided by number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck). 	\$1,257.67	\$1,309.97	\$1,390.61	\$1,470.33
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 (that is, when the rate was struck).	\$1,068.35	\$1,131.05	\$1,199.48	\$1,223.98

Category	Indicator	Definition	2009/10 Result	2010/11 Result	2011/12 Result	2012/13 Result
Operating Costs	Average operating expenditure per assessment	Operating expenditure per the Statement of Comprehensive Income including asset sales and depreciation, divided by the number of assessments used in the calculation of the adopted rate (i.e. when the rate was struck).	\$2,369.29	\$2,322.84	\$2,527.42	\$2,505.26
Capital Expenditure	Average capital expenditure per assessment	Amount capitalised to 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). <p><i>N.B. Exactly what is included as capital expenditure will vary according to the Local Government's policy in defining the 'asset' and its 'life'.</i></p>	\$304.01	\$267.60	\$349.89	\$578.05
Infrastructure	Renewal	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 to the long-term AAAC*, divided by useful life, and totalled for each and every infrastructure asset to give one ratio.	80%	80%	100%	83%
	Renewal and maintenance	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 (i.e. the expected level of maintenance which was used in the calculation of the useful life of the asset), • divided by useful life, and totalled for each and every infrastructure asset to give one ratio. 	115%	123%	134%	118%
Debts	Average liabilities per assessment	Total liabilities as per 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 (that is, when the rate was struck). N.B. Items held in trust does not include employee leave entitlements such as long service leave.	\$444.29	\$383.14	\$578.12	\$574.82
Operating Results	Operating result per assessment	Profit/Loss for the period (also known as Surplus/ Deficit) as per the Statement of Comprehensive Income, divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).	-\$65.78	\$18.23	-\$2.59	\$240.48

*The Average Annual Asset Consumption (AACC) 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).

¹ In the 2012/13 financial year Council's operating result was a surplus of \$15.54 million due to increased developer and non-monetary contributions of \$12.06 million, in addition to growth across other major revenue streams. This result is a significant turnaround on Council's \$165,000 deficit in the 2011/12 financial year which was attributable to the \$11.15 million defined benefit superannuation liability which was expensed during the financial year.

A low-angle, upward-looking photograph of a diverse group of people holding hands in a circle. The background is a clear, bright blue sky. The people are smiling and appear to be in a positive, collaborative mood. The image is oriented vertically on the page.

Residents group working
together to create a
healthier Port Melbourne.

Photo: Chris Cassar

**WORKING
FOR THE
COMMUNITY**

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COUNCIL AND THE ORGANISATION WORKING TOGETHER

Effective relationships between Council and the organisation are at the core of achieving a culture of good governance and effective service for the community.

The Council is elected to provide leadership to ensure peace, order and good governance of the municipal area and local community. This responsibility and power is exercised through formal resolutions at a Council meeting. The Council is responsible for the appointment of the Chief Executive Officer (CEO). The CEO is responsible for staffing and the implementation of Council decisions.

While there are clear separations of powers between Council and the CEO, good governance is dependent on a shared understanding of Council's interests and a willingness to work together to achieve outcomes for the community.

LEADING THE WAY

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is appointed by Council and is responsible for implementing Council decisions and day-to-day management of Council's performance. Following the retirement of former CEO, Ms Kay Rundle in October 2012, Ms Vanda Iaconese (General Manager, Cultural and Community Development) was appointed as Interim CEO until the appointment of Ms Tracy Slatter in May 2013.



Ms Tracey Slatter (May 2013)

Ms Slatter commenced at the City of Port Phillip in May 2013. Tracey has extensive leadership experience in the health, community and local government sectors and has held a range of executive and management roles during her 15 years at the Department of Human Services where she led programs, services and policy reform. Tracey came to the City of Port Phillip from the Transport Accident Commission (TAC) where she was the Head of Claims since January 2009. In this role Tracey led the provision of services to 40,000 TAC clients to support them in their recovery and independence following injury from a transport accident. From 2004 to 2009 Tracey was the CEO at the Colac Otway Shire. Tracey enjoys leadership challenges and is passionate about achieving excellent outcomes for the community.



Ms Kay Rundle (2009 – October 2012)

Ms Rundle retired from local government in October 2012 after 31 years of service, which included the past three-and-a-half years as CEO of the City of Port Phillip. During her career in local government Kay was the first elected president of Local Government Professionals, an organisation formed to provide local government staff with opportunities for professional development. Kay was the first female to be appointed CEO for the City of Greater Geelong and in 2008 won a Local Government Leadership Award. She was appointed to the position of CEO with the City of Port Phillip in 2009.



CITY AND INFRASTRUCTURE SERVICES DIVISION – General Manager: Mr John Hicks

The City and Infrastructure Services Division provides a range of services that support the key assets and properties of the City of Port Phillip.

Mr Hicks joined the City of Port Phillip in 2009 and has led the City and Infrastructure Services Division since its inception. John has focused on the development of improved asset management processes, improved project management systems, consistent contract management and enhanced development of staff. John has an extensive background in local government, state government and private enterprise as well as experience as a local government CEO. He has a Bachelor of Engineering, a Master of Business Administration and is a graduate of the Australian Institute of Company Directors.



ENVIRONMENT AND PLANNING DIVISION – General Manager: Ms Sue Wilkinson (Resigned June 2013)

The Environment and Planning Division has the primary purpose of responding to the challenges of climate change, both in the operations of the organisation and in influencing community behaviour. In addition, the Division seeks to manage change to our natural, built and social environment through the development of strategies, policies and decision-making within regulatory frameworks. Following Sue Wilkinson's resignation, Mr Rod Burke (Manager, Compliance & Parking) was appointed Interim General Manager until the appointment of Mr Malcolm Snow in August 2013.

Ms Wilkinson joined the City of Port Phillip in this position in 2009. She has a proven track record of delivery of high quality, coordinated services and projects within complicated political environments. A planner by background, Sue has worked in a range of interesting roles over her 20-year career including as Senior Policy Advisor to the Minister for Planning (Minister Hulls) and as the Director of State Planning Services at the former Department of Planning and Community Development. She has extensive local government experience and is committed to strategically sound and consistent decision-making. In addition to her many years at the City of Port Phillip, she has worked at the former City of Altona, as well as the Cities of Wyndham and Greater Bendigo.

CORPORATE SERVICES DIVISION – General Manager: Mr Mark Brady

The Corporate Services Division seeks to provide high quality, integrated systems and support to the organisation, which enables it to provide great service.



Mr Brady joined the City of Port Phillip in 2009 and has led the development of a values-based organisational culture via the empowerment of employees and teams. Mark has been in local government for 27 years, the last 13 of which have been at the senior executive level across a range of portfolios at the Cities of Latrobe, Frankston and Port Phillip. Mark is extremely passionate about the development of people and teams and has implemented a wide range of leadership initiatives throughout his career. He has a Bachelor of Business, a Graduate Diploma of Business, is a graduate of the Australian Institute of Company Directors and is an accredited Executive Coach.

CULTURAL AND COMMUNITY DEVELOPMENT – General Manager: Ms Vanda Iaconese

The Cultural & Community Development Division provides services to support the aged, families, children and disadvantaged of the community, as well as providing culture and leisure opportunities across the city via libraries, arts and festivals, and recreation.



Ms Iaconese joined the City of Port Phillip in 2009. She completed three years as the Chief Operating Officer with Jewish Care, a not-for-profit organisation servicing the Jewish Community in Victoria. Jewish Care is the largest provider of 'whole of life' services for members of the Jewish community in Victoria. The Operations Division was responsible for all residential and community support to older people, people with disabilities, Holocaust survivors, and families and individuals experiencing hardship, many of whom live within the Port Phillip municipality. Vanda has a Master of Business Administration and a Masters of Social Work as well as a Bachelors of Art and a Bachelor of Social Work. During her time with the City of Port Phillip Vanda has completed the Company Directors course.

CITY OF PORT PHILLIP ORGANISATIONAL STRUCTURE

The City of Port Phillip consists of four divisions managed by four General Managers. Each division is made up of a number of departments that deliver a range of services and provide support to the local community. The following diagram represents the organisation structure as a 30 June 2013



CITY OF PORT PHILLIP COUNCIL



WORKING AT THE CITY OF PORT PHILLIP

STAFF PROFILE

TOTAL STAFF	992
BREAKDOWN BY EMPLOYMENT STATUS	
Full-time staff	532
Part-time staff	315
Casual staff	145
BREAKDOWN BY GENDER	
Male staff members	343
Female staff members	649

OUR VALUES

Our way of working is underpinned by a clear set of values which represent how staff conduct their daily duties, interact with each other, the Council and our communities.

WORKING TOGETHER

CREATIVE & STRATEGIC THINKING

PERSONAL GROWTH & PERFORMANCE

COURAGE & INTEGRITY

ACCOUNTABILITY

PEOPLE AND ORGANISATIONAL DEVELOPMENT STRATEGY

The goal of the People and Organisational Development Strategy 2012-14 is to build a values-based organisational culture that enables the organisation to achieve its purpose of working together to make a difference to the Port Phillip community. There are eight key focus areas as follows:

1. Recruit and induct
2. Engage and retain
3. Recognise
4. Develop
5. Lead
6. Perform
7. Support and
8. Connect.

LEARN. DEVELOP. GROW

Staff learning and development is a high priority at the City of Port Phillip and our annual Corporate Learning and Development calendar is a popular source of learning opportunities for staff. This year 70 programs were offered with 817 staff members participating. Together with the calendar, we support staff development with work-specific accredited courses such as the Diploma of Management and Certificate IV Child Care. Studies assistance is also available to staff completing external accredited courses of study. This year 18 staff members participated in this program using 637 hours of study leave.

STAFF LEADERSHIP DEVELOPMENT PROGRAM

The City of Port Phillip aims to develop leaders and teams who can drive organisational culture as well as motivate employees and teams to achieve their goals. We offer a suite of leadership learning experiences and opportunities that can set the leadership career path for our future leaders, develop current leaders and enhance their leadership capabilities in line with the organisation's leadership expectations. Our programs include:

- The City of Port Phillip Leadership Program, a unique tailored opportunity to focus on the individual at a self-awareness level
- Corporate Management Team targeted workshops addressing essential group knowledge requirements
- Accredited courses focusing on leadership development including Diploma of Management
- Coaching and mentoring for and by our leaders
- 360 degree feedback with the focus on enhancing our feedback safe culture
- Local Government Managers Australia Challenge where our 2013 team came second in Victoria after having won the 2012 Victorian title.

HEALTH AND WELLBEING PROGRAM

Our Health and Wellbeing Program called Enjoying Life receives overwhelmingly positive feedback and healthy outcomes for the organisation. The programs we offer range from a variety of physical fitness classes and health checks to providing fresh fruit at work. This year, Enjoying Life provided 13 programs (some involved multiple sessions) with 2,049 attendees from across the organisation.

EMPLOYEE ASSISTANCE PROGRAM

Our Employee Assist Program is designed to assist staff to meet the challenges and demands of their work and personal life. It is a professional counselling service that offers confidential, short-term support for a variety of work-related and personal problems that may be affecting staff at work or at home. This year, 57 people used 108 hours of the service.

OCCUPATIONAL HEALTH AND SAFETY

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.

Number of standard WorkCover claims	8
Number of staff affected	8
Victorian average WorkCover premium (industry performance rate)	1.3735%
City of Port Phillip's WorkCover premium	0.7195%

EQUAL OPPORTUNITY

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 2010*, and federal legislation as it relates to equal opportunity.

Council's equal employment opportunity policy, Respect for Others, supports our vibrant and diverse work environment where employees are able to develop both professionally and personally, free from harassment, discrimination and bullying. Our values of courage and integrity, personal growth and performance, accountability, creative and strategic thinking, and working together create a culture of respect for each other in all aspects of employment, training and service. This year Council ran eight sessions on equal opportunity with 108 staff members participating.

RECOGNITION PROGRAM

Our Recognition Program was developed by Leadership Program participants and the Human Resources team and spans six key areas of recognition that align with the organisation's values and behaviours. The program places the responsibility of recognition in the hands of every employee across the organisation, 'by employees for employees'. This approach is creating an engaged and empowered workforce where everyone is accountable – not a top down approach. Within a short period after the launch of the program we had received over a 1,000 nominations, with divisional managers meeting monthly to determine the awards.

HUMAN RESOURCES TRAINING SUITE

This year, the human resources team introduced a Human Resources Training Suite of five new training programs developed and delivered by our human resources team for our organisation. The programs cover recruiting, selection, interviewing, performance management, flexibility, grievances and a program for employees on how to get that next job. Feedback has reinforced that these programs are perfectly customised for local government and particularly to our organisation. The 'by employees for employees' approach is building capacity in our organisation. Our human resources team is more in demand as managers are gaining confidence in taking action through the strong relationships they are developing with the human resources team.





City of Port Phillip
staff planting day.

Youth training group at Elwood Sailing Club.

Photo: Chris Cassar



**COMPLIANCE
AND
ACCOUNTABILITY**

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STATUTORY STATEMENTS

FREEDOM OF INFORMATION ACT

Under the *Freedom of Information Act 1982*, everyone has the right to access certain information held by Council. Council vigorously supports the requirements of the Act.

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 application fee for a request in 2013/14 is \$25.70. The Act requires Council to publish certain details about itself and its functions, and also enables individuals to amend incorrect information about them held by Council. Avenues for appeal are built into the Act.

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

Principal Officer: Tracey Slatter, CEO

DETAILS OF FREEDOM OF INFORMATION (FOI) REQUESTS 2012/13

Total number of FOI requests received	41
Total number of valid requests	38
Number of requests where access granted in full	10
Number of requests where access granted in part	22
Number of requests where access denied in full	3
Number of requests where no documentation found	1
Number of requests withdrawn	0
Number of requests under consideration as at 30 June	2
Number of appeals lodged with the FOI Commissioner	0
Total application fees collected	\$627.50
Total application fees waived	\$125.50

PROTECTED DISCLOSURES ACT

As of 11 February 2013, new legislation implementing recent integrity reforms in Victoria came into effect. This includes the replacement of the *Whistleblowers Protection Act 2001* with the *Protected Disclosure Act 2012*. Council has developed internal procedures to facilitate, handle and manage disclosures, including notifications to the Independent Broad-based Anti-corruption Commission (IBAC), as well as establish procedures for protecting people against detrimental action. The process for making a disclosure, relevant contacts and rights under the *Protected Disclosure Act 2012* are available online at www.portphillip.vic.gov.au/protected-disclosure.htm

One disclosure was notified to the IBAC under section 21(2) of the Act during the financial year.

VICTORIAN INFORMATION PRIVACY ACT

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 2012-2016

The State Government amended the *Domestic Animals Act 1994*, to improve animal management in Victoria, by requiring that all Councils have a Domestic Animal Management Plan (DAMP). The City of Port Phillip supports this strategic approach and has developed its DAMP using the guidelines provided by the former Department of Primary Industries.

The aims of the DAMP are to promote harmonious and responsible pet ownership. The City of Port Phillip encourages animal ownership and recognises the positive benefits associated with pets. Animal ownership can provide community members with opportunities to connect with other people and encourages greater use of open space.

The DAMP was prepared by the City of Port Phillip's Animal Management Team, in consultation with the Domestic Animal Management Community Reference Group (DAMCRG), prior to the DAMP being advertised for public comment.

REVIEW OF ACTIONS AS AT 30 JUNE 2013

COMPLETED	ON TRACK	NOT ON TRACK
16	20	4

The following four actions identified as 'not on track' have not commenced:

- Yearly inspection of all industrial properties in the municipality for dogs housed or kept for guarding purposes
- Assessment of current compliance level by auditing dog litter at various key locations
- Educating the community about what a declared dog is
- Improving information on the website for attack investigations have not commenced. These will be completed for the summer period 2013/14.

REPORT AGAINST ACTIONS FOR 2012/13

The City of Port Phillip has undertaken an extensive training program for its Animal Management team over the past 12 months to ensure they have the knowledge and necessary skills to carry out their duties. An annual training program is being developed with each staff member, to ensure they receive appropriate skills maintenance and development throughout the year. This includes training in 'Introduction to community engagement'.

All Animal Management staff have gained Certificate IV Animal Control and Regulation and Certificate IV Government and Statutory Compliance. These qualifications address the skills of communication, animal handling, report writing, investigation and time management and form the minimum training required by an animal management officer.

The annual review of internal processes to accommodate legal changes has been completed and approved. All letters and correspondence material is currently being reviewed to ensure the consistent application of enforcement processes. Signage for foreshore areas has been reviewed and is currently being updated to ensure uniformity of signage and information across the municipality.

The annual review of Council's pet registration database is on track to improve the accuracy by incorporating microchip registrations. Once this has been completed, annual reconciliation with microchip registries will be undertaken.

Council has implemented a more proactive approach to domestic animal breeding establishments including an education and awareness program and an annual audit of these establishments to ensure compliance with requirements.

Seasonal patrols have been completed with moderate success. Improved operational standing orders are being developed to ensure patrols are better structured and aimed at compliance rather than enforcement.

The development of networks with key community groups and domestic animal businesses is well advanced and quarterly information sessions will be implemented in the near future. These sessions will alternate between off leash parks and targeted forums. The dates of the information sessions will be advertised on the Council website.

Nuisance animals and dog attacks continue to be major issues in the City. Council is continually reviewing ways to educate and communicate more effectively with the community by incorporating feedback from community reference groups.

CARERS RECOGNITION ACT

Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012* including undertaking a number of activities to promote the principles of the Act to people in care relationships who receive Council services; to people in care relationships, and to the wider community. A key activity this year was hosting a Carers Day in partnership with the City of Glen Eira and Commonwealth Carelink Respite Centre (Caulfield). Carers from the two municipalities were invited to a day where they could take time out to focus on their own health and wellbeing. Around 100 people attended the event and the feedback gained from attendees was positive.

DISABILITY ACT

Council is committed to equitable, dignified access and inclusion to all of its services, programs, premises, employment and communication systems for all residents and stakeholders. Under the Victorian Disability Act 2006, public bodies are required to prepare a Disability Action Plan. Council has undertaken a number of activities to deliver on its commitments including undertaking a significant review of its previous Disability Action Plan and subsequently developing the Access Plan 2013-2018. The Access Plan is designed to ensure our organisational practices are proactive in relation to meeting the needs of people of all abilities, and that Council's services and facilities will be inclusive and accessible to all. Other initiatives include:

- Developing the Port Phillip Accessible Dining Guide 2013: Bay Street and Fitzroy Street
- Installing a permanent hearing loop at St Kilda Council Chambers and a portable unit at Port Melbourne Town Hall
- Introducing the use of Communication Boards at all ASSIST counters
- Improving recruitment and training practices to increase accessibility and accessible practices
- Changing to rates processes to improve accessibility
- Developing a Principal Pedestrian Network project to delineate a strategic walking network for the City of Port Phillip

More information about Council's commitments under the Disability Act are available online at www.portphillip.vic.gov.au



PUBLIC DOCUMENTS

The following documents are available for public inspection. A number of these documents are available online at www.portphillip.vic.gov.au/documes_public_inspections.htm. Alternately they can be viewed 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 annual remuneration for the current financial year and the previous year outlining ranges of remuneration of senior officers in \$10,000 increments and the number of senior officers whose total annual remuneration falls within each increment.
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any member of Council 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 the 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 the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease.
- A register of authorised officers appointed under section 224 of the Act.
- A list of donations and grants made by the Council during the financial year, including the names of persons or bodies 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 the 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 the Council.
- A list of contracts valued at \$150,000 for Goods and Services and \$200,000 for Carrying out of Works which the 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.
- Election campaign donations
- Councillor code of conduct
- Councillor expense reimbursement policy
- Local laws
- Council Plan and Strategic Resource Plan
- Budget
- Annual Report

NATIONAL COMPETITION COMPLIANCE STATEMENT

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 2012 to 30 June 2013, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011) as set out below:

<p>A. TRADE PRACTICES COMPLIANCE</p> <p>STATE WHETHER THE COUNCIL IS COMPLIANT OR NONCOMPLIANT. IF NONCOMPLIANT, JUSTIFY OR CITE ACTIONS TO REDRESS.</p>	<p>COUNCIL IS COMPLIANT</p>
<p>B. LOCAL LAWS COMPLIANCE</p> <p>STATE WHETHER THE COUNCIL IS COMPLIANT OR NONCOMPLIANT. LIST ALL LOCAL LAWS MADE OR REMADE DURING 2011/12 WHICH IMPOSE A RESTRICTION ON COMPETITION.</p>	<p>COUNCIL IS COMPLIANT</p>
<p>C. COMPETITIVE NEUTRALITY COMPLIANCE</p> <p>STATE WHETHER THE COUNCIL IS COMPLIANT OR NONCOMPLIANT FOR ALL SIGNIFICANT BUSINESSES. LIST ANY SIGNIFICANT BUSINESSES THAT ARE NONCOMPLIANT.</p>	<p>COUNCIL IS COMPLIANT</p>

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:



Tracey Slatter,
Chief Executive Officer

RISK MANAGEMENT

The City of Port Phillip recognises that risk management is an essential part of effective corporate governance. Risk management is defined as “the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.” Enterprise risk management is the holistic management of all risks within Council, not just insurable risks or occupational health and safety.

Council believes that good risk management is essential for the successful implementation of the Council Plan as it:

- (i) Facilitates innovation, co-operation and the sharing of resources
- (ii) Enhances the development and delivery of Council programs
- (iii) Involves consultation and engagement with the public and private sectors on key issues of community interest
- (iv) Encourages a proactive approach to problem solving.

Through the adoption of a structured and systematic approach to risk management, the City of Port Phillip aims to improve its decision-making, performance, transparency and accountability by effectively managing both potential opportunities and adverse effects.

RISK AWARENESS

Council now has in place a well-developed Risk Policy and Risk Management Framework that complies with the ISO 31000:2009 Risk Management – Principles and Guidelines. We also have a Corporate Risk Register which includes both strategic risks (risks to Council’s direction, external environment and to the achievement of its plans) and operational risks (risks to core business activities, such as inadequate human resources, disasters or threats to physical safety).

We have an annual Risk & Insurance Plan that details tasks for the next 12 months, including actions and outcomes. It includes annualised activities, inter-functional dependencies and identified risk assessment activities based on priorities coming from strategic or operational risk assessments.

Also, at every Audit & Risk Committee meeting, one of the identified strategic risks is presented to the committee by the risk owner with the aim of giving assurance that the risk is being effectively managed.

The challenge ahead will be focussing on embedding a risk management philosophy into organisational decision-making and providing tools to enable this process.

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 again pleased to advise that this financial year, Council has been able to maintain minimal increases in our insurance premiums and contributions despite the last couple of years being estimated by some experts as the costliest to date for natural catastrophes.

Improved risk management controls, along with tort reforms and other legislative changes such as the Road Management Act 2004 have continued to assist Council in maintaining its insurance costs.

BEST VALUE REPORT 2012/13

Council is committed to continuously improving its services and providing value for money. 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 including 'Service Snapshots'. These snapshots identify stakeholders, resources, service levels/standards, risks, performance measures, communication and advocacy opportunities and improvement opportunities for the service.

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

Council uses a range of processes to ensure the services it provides are responsive to the needs of the intended users, including focus groups and community consultation opportunities. Council continued the implementation of a Communications and Engagement Strategy with community-focused training program for staff and a review of the Communications and Engagement Toolkit.

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.

Sixty-seven service teams in Council participated in workshops to re-visit service standards in line with a set of organisation-wide service principles.

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 40 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 Council operations. Individual services use other mechanisms including information booklets, newsletters, community forums and various reports to government departments to report on the performance of their services.

PLANNING

Council's approach to planning continues to improve with the implementation of actions for the fourth year of the Council Plan 2009-2013. This year Council continued its practice of exceeding the minimum statutory consultation requirement during the development of Council's draft Council Plan 2013-17.

Seven community conversation tents were held in February and March 2013, giving the community an opportunity to provide input on the four year Council Plan 2013-17. Council resolved to invite public submissions on the draft Council Plan 2013-17 and draft 2013/14 Budget. A total of 87 submissions were received and each submitter was invited to speak to their submissions at a Council meeting on 11 June 2013. The submissions were considered by Council prior to the adoption of the Council Plan 2013-17 and 2013/14 Budget on 25 June 2013.

PERFORMANCE MEASUREMENT

Council's approach to performance measurement is based on continuous improvement. During 2012/13, 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, a quarterly Financial Report, providing an update to the community on the fiscal position of the Council and a quarterly Risk Report. These reports are available to the community on the City of Port Phillip website.



Coast Monkeys and
3207 Beach Patrol
cleaning up at
Sandridge Beach.
Photo: Chris Cassar



FINANCIAL AND PERFORMANCE STATEMENTS





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CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL PERFORMANCE

Council's 2012/2013 financial results have been positively impacted by a significant increase of \$4.668 million in developer infrastructure and open space contributions as well as non-monetary assets totalling \$4.123 million that were contributed to Council during the financial year. Other factors that gave rise to the marked turnaround in the organisation's financial results were the above trend increase in parking revenue of \$3.845 million (14.74%) which was driven by improved enforcement and higher values of penalty infringements and increases in rates revenue of \$6.632 million (7.48%) which reflected higher than projected revenue from supplementary rates due to above trend growth in the property base. Expenditure has remained at 2012 levels and this reflects the inclusion in the preceding year's results of the council's share of the defined benefits superannuation liability of \$11.147 million. Apart from the large reduction in employee benefits expense contract payments increased by \$2.832 million (7.96%) and in addition to CPI movements this has been impacted by increased waste management costs associated with the carbon price and additional parking administration and publications contract costs.

Council has maintained its solid financial foundation through a focus on forward financial planning, cost control, effective cash flow and working capital management. In addition a review of the long term financial plan and capital works program was carried out in the first half of the year and this review identified the deferral of a number of capital projects as a major funding source for the pending defined benefits superannuation liability. Some of the key outcomes of the focus on forward financial/capital works planning, cost control and cash flow management are:

- Repaying the \$10.873 million superannuation liability in full in July 2013 without increasing borrowings or having an abnormal rate increase.
- While the Working Capital ratio which measures Council's ability to meet its short-term financial commitments decreased increasing markedly from 2.86:1 to 1.71:1 due to the inclusion of the superannuation liability as a current liability this represents a sound working capital position and there are no concerns with the organisation's ability to meet its obligations.
- A significantly higher percentage completion of the capital works program with a completion rate of 86.9% of the projected capital works budget resulting in a much lower capital works roll over of \$5.896 million compared to \$19.514 million in 2012.
- Ongoing debt reduction has resulted in the value of its outstanding interest bearing debt being reduced by \$592,000 to \$1.850 million.

Looking forward Council can be expected to have a number of major challenges in its role as a place manager which will require it to review, plan and implement a number of major projects across the municipality. In addition the significant development that is being proposed by the State Government in the Fisherman's Bend urban renewal area will require Council to further review its forward financial capacity to fund required community infrastructure and public open space acquisitions that may be required.

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 assets, buildings assets, roads, footpaths, bridges, kerb and channel and street furniture assets and its arts and heritage assets for the 2012/13 financial year was \$55.926 million (2011/2012 \$5.796 million net increment for land improvements or parks assets). This has resulted in Council reporting a comprehensive surplus of \$71.462 million (2011/2012 \$5.631 million surplus).

CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

RESULTS AT A GLANCE

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

- A cash surplus of \$10.649 million, \$1.524 million higher than last year and following the review of the capital works program and deferral of \$9.767 million in capital works projects is \$10.649 million higher than the budget.
- An operating surplus of \$15.536 million, an increase of \$15.701 million on the previous year's result which was negatively impacted by the accrual of the unfunded superannuation liability.
- Operating surplus \$6.602 million more than the \$8.934 million budget largely due to the significant increase in open space and non-monetary contributions of \$10.858 million.
- An asset revaluation increment of \$55.926 million, resulting in a comprehensive surplus of \$71.462 million being reported
- Revenue \$177.388 million, up \$16.281 million from last year
- Expenses \$161.852 million, up \$580,000 from last year
- \$53.023 million cash and financial assets, down \$7.615 million from last year
- A \$79.443 million increase in property, plant, infrastructure and equipment
- Net assets of \$1.966 billion, up \$71.462 million from last year

NET RESULT

Council has reported an operating surplus of \$15.536 million in 2012/2013 (2011/2012: \$165,000 deficit). This result is attributable to an increase in contributions received by Council from developers, as well as non-monetary assets of \$12.058 million (2011/2012: \$3,552 million); and the inclusion of the \$11.147 million superannuation shortfall payment to Vision Super for members of the defined benefit plan in the 2011/2012 financial year.

The surplus is \$6.602 million favourable when compared to the original budgeted profit of \$8.934 million, which is primarily due to open space contributions exceeding budget by \$10.858 million as a result of higher than anticipated developer and non-monetary contributions and \$4.261 million lower than anticipated expenditure on contract payments. These favourable variances are impacted by the transfer to operating expenditure of \$8.559 million of project costs that do not meet the criteria of capital expenditure under Council's accounting policy.

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 \$5.742 million (2011/1: \$5.590 million). This result has remained consistent with the prior year.

Table I – Calculation of Underlying Result	2012/2013 - \$000's	2011/2012 - \$000's
Surplus/ (Deficit)	15,536	(165)
Vision Super Defined Benefit shortfall	0	11,147
Impairment (gain)/loss	0	(322)
Contributed assets	(4,123)	(285)
Capital grants	(1,400)	(3,981)
Developer Contributions	(6,742)	(3,240)
Loss on disposal of assets	2,471	2,436
Underlying Surplus/ (Deficit)	5,742	5,590

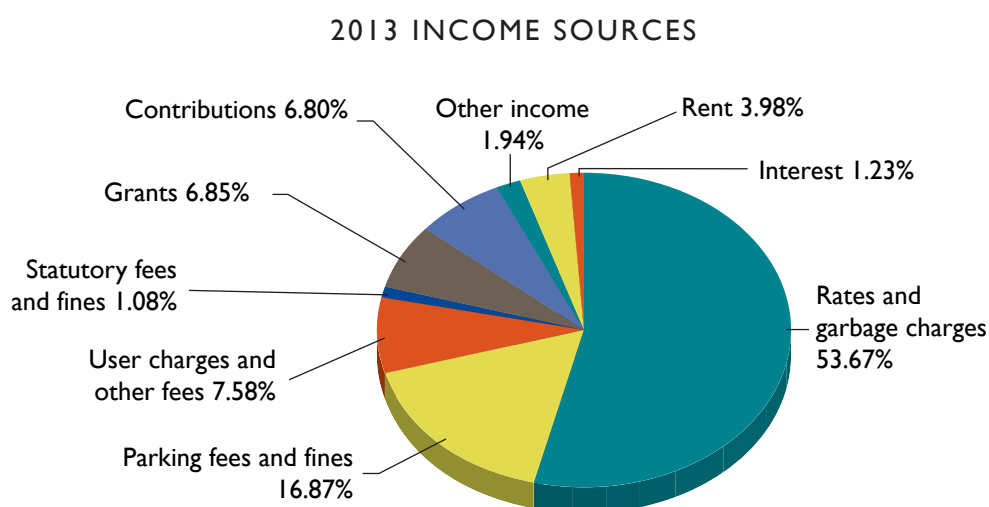
Council's capital expenditure (including costs of \$8.559 million transferred to operating) of \$45.904 million is 84% of the total capital works budget of \$54.757 million. During the financial year \$9.766 million of projects in the capital works program were deferred to 2013/2014 resulting in a capital works forecast of \$44.990 million.

This increase of \$19.355 million in capital expenditure from \$26.549 million in 2011/2012 is mainly due to the completion of major capital projects during the financial year including Bubup Nairn Family and Children's Centre (\$8.473 million), South Melbourne Market Roof (\$3.709 million) and Marina Reserve (\$3.401 million).

INCOME

Total revenue for the financial year was \$177.388 million, increasing \$16.281 million from 2011/2012. Contributing to this increase were favourable contributions (up \$8.506 million or 239.47%), rates and garbage charges (up \$6.632 million or 7.46%), and parking fees and fines (up \$3.845 million or 14.75%). See below for further information.

The following graph provides a breakdown of income sources for the Council in 2012/2013:



Rate income

Rate income, which contributes 53.67% of Council's income, has increased by \$6.632 million (7.49%) from \$88.581 million in 2012/2013 to \$95.213 million. This is due to an effective increase of 5.9% in Council rates and an increase of 1.78% in the value of the rates base (additional 2,171 assessments) and an increase in the value of supplementary rates raised of \$323,000.

Parking fees and fines

Parking fees and fines, the second largest source of income for Council contributing 16.87% of total income, increased by \$3.845 million or 14.75% during the financial year due to additional income from parking infringement notices linked to higher penalty rates and improved enforcement, additional ticket machine income and fewer cancellations of infringement notices during the year.

User charges and other fees

User charges and other fees contributed 7.58% to Council's total income, and increased by \$882,000 (7.02%) due to a 12% increase in the child care fees rates contributing to \$734,000 additional income, as well as additional income from building services of \$108,000.

Grants income – Operating and Capital

Grants income, which makes up 6.85% of Council's total income, decreased in 2012/2013 by \$3.168 million or -69.97%. Income from operating grants declined by \$364,000 or 3.27% due to the early receipt of instalments from the Victorian Grants Commission for the 2012/2013 financial year in 2011/2012 (\$634,000), which has been offset by increased funding in other areas such as home care (\$219,000) and child care (\$102,000). Capital grants declined by \$2.804 million due to delays in receiving \$1.950 million funding for the Northport Pavillion redevelopment project. While this funding was deferred from 2011/2012, it was offset in the prior year by the receipt of State government funding for the Liardet Street Family and Children's Centre.

CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

Contributions

Contributions make up 6.80% of Council's total income and increased by \$8.506 million, or 240% due to a significant increase in income from developer contributions in the St Kilda Hill, South Melbourne and Port Melbourne areas (\$1.734 million and \$1.642 million and \$872,000 respectively, offset by a reduction in contributions from St Kilda Road (\$984,000). Additionally, non monetary contributions increased by \$3.838 million to \$4.123 million due to the transfer of the Beacon Cove Pumping Station to Council (\$1.500 million) and the donation of capital works to the Napier Street Hostel (\$2.448 million)

Rental income

Rental income, which is 3.98% of Council's total income, decreased by \$348,000 (-4.70%) from 2012/2013 due to market rental adjustments to Council's property portfolio (\$327,000).

Other income

Other income made up 1.94% of Council's income and increased by \$812,000 or 30.87% due to the bi-annual sale of valuations data to State Revenue Office (\$510,000 increase from 2011/2012), and an insurance settlement of \$988,000. These increases are offset by the impact of one-off adjustments in the prior financial year for the impairment gain on Council's investment and the write back of income previously held in trust of \$470,000.

Interest income

Interest contributed 1.23% to total income and decreased by \$877,000 (-28.72%). This was mainly due to the much softer interest rate environment following cumulative reductions in official interest rates totalling 2.0% since the rate easing cycle commenced in November 2011.

Statutory fees and fines

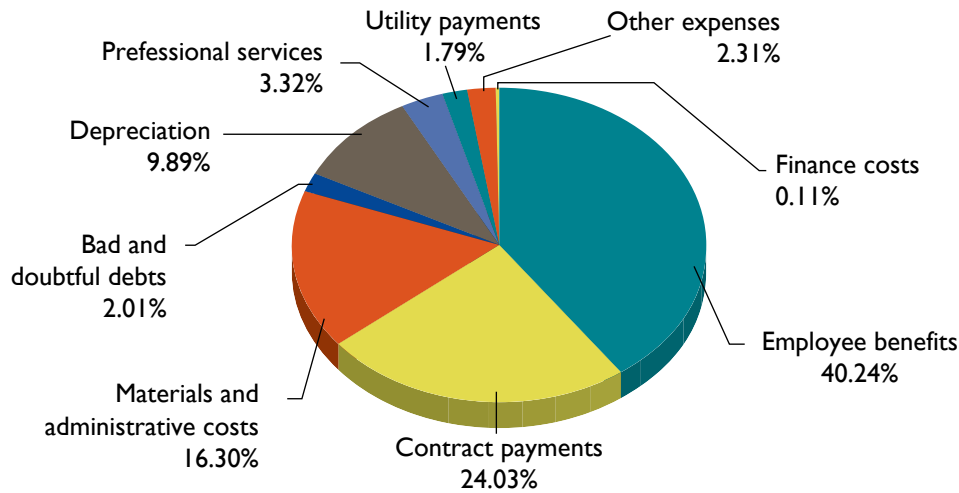
Statutory fees and fines contribute a small portion to overall income for Council (1.08%) and have remained static during the 2012/2013 financial year, with a \$3,000 decrease (-0.16%).

EXPENSES

Total expenses for the financial year were \$161.852 million, up \$580,000 or 0.36% from 2011/2012. 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 in the 2011/2012 financial year, resulting in a net decrease in employee benefits of \$7.341 million (or -10.27%). This decrease has been offset by increases in non-labour expenditure of \$7.924 million including contract services income (\$2.753 million or 7.75%), materials and administrative costs (\$3.775 million or 17.06%) and bad and doubtful debts (\$1.078 million or 50.66%). See below for further information.

The following graph provides a breakdown of the different types of expenses for the Council in 2012/2013:

2013 EXPENDITURE TYPES



Employee benefits

Employee expenses comprise 40.24% of total expenses and have decreased by \$7.341 million (10.27%) in 2012/13 from \$71.479 million to \$64.138 million due to the following factors:

- the impact of the inclusion of the \$11.147 million defined benefits superannuation call being \$10.873 million for Council employees and \$274,000 for Streetsahead joint venture employees in the 2011/2012 financial year,
- the 4.00% Enterprise Bargaining salary increment in July 2012,
- increases in the number of staff at the Council from 841 in 2011/12 to 890 which is mainly related to service expansion with the new Bubup Nairn Family and Children's Centre coming on stream in 2013.

Contract services

Contract services make up 24.03% of total expenses and have increased by \$2.753 million (7.75%). The main drivers for this are increases in waste management contracts linked to the carbon price (\$1.024 million), parking administration and management (\$610,000), parks and gardens contract expenditure (\$343,000) and cleaning (\$231,000); as well as CPI linked increases across all contracts.

Materials and administrative costs

Materials and administrative costs comprise 16.30% to total expenses and have increased by \$3.851 million (17.41%). This reflects the transfer to operating expenditure of project costs 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 \$4.223 million in 2011/2012 to \$8.559 million in 2012/2013.

Depreciation

Depreciation makes up 9.89% of total expenditure and has remained steady in the 2012/2013 financial year, increasing by \$115,000 (0.73%).

Professional services

Professional services are 3.32% of total expenses and have increased by \$421,000 (8.64%). This increase is attributable to higher legal fees across building permits, insurance and urban planning (\$100,000; \$76,000 and \$93,000 respectively). Also contributing to this variance is increased consulting fees for evaluation of Landfill contract variance (\$107,000) and external recruiting for the Chief Executive Officer position (\$75,000) which was vacated and filled during the 2012/13 financial year.

Other expenses

Other expenses make up 2.31% of all expenses and have decreased by \$482,000 or 11.58% in 2012/2013 due to reduction in expenditure on Councils non-capital projects of \$130,000. Also contributing to this is a reduction in rent charges for Carlisle Street offices of \$66,000 offset by the payment of land tax to the State Revenue Office for the South Melbourne Market in 2011/12 (\$79,000) and additional costs associated with the South Melbourne Market cooking school (\$73,000).

CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

Bad and doubtful debts

Bad and doubtful debts (2.01% of total expenses) increased by \$1.078 million (50.66%) in this financial year due to an increase in the provision required for parking debtor accounts which are at the PERIN Court (\$1.019 million) as a result of the Department of Justice expunging expired warrants. In addition, following a review of accounting treatment at the Council managed child care centres, all debtor balances were brought to account during the financial year resulting in increased provisions for other debtors at the end of the financial year.

Utility payments

Utility payments contribute 1.79% of total expenditure and have increased by \$181,000 or 6.77% in 2012/2013 due to increased electricity charges for the Council buildings.

Finance costs

Finance costs contribute 0.11% of total expenses and have remained steady this financial year as Council continues to decrease its loan liabilities.

Loss on disposal of property, infrastructure, plant and equipment

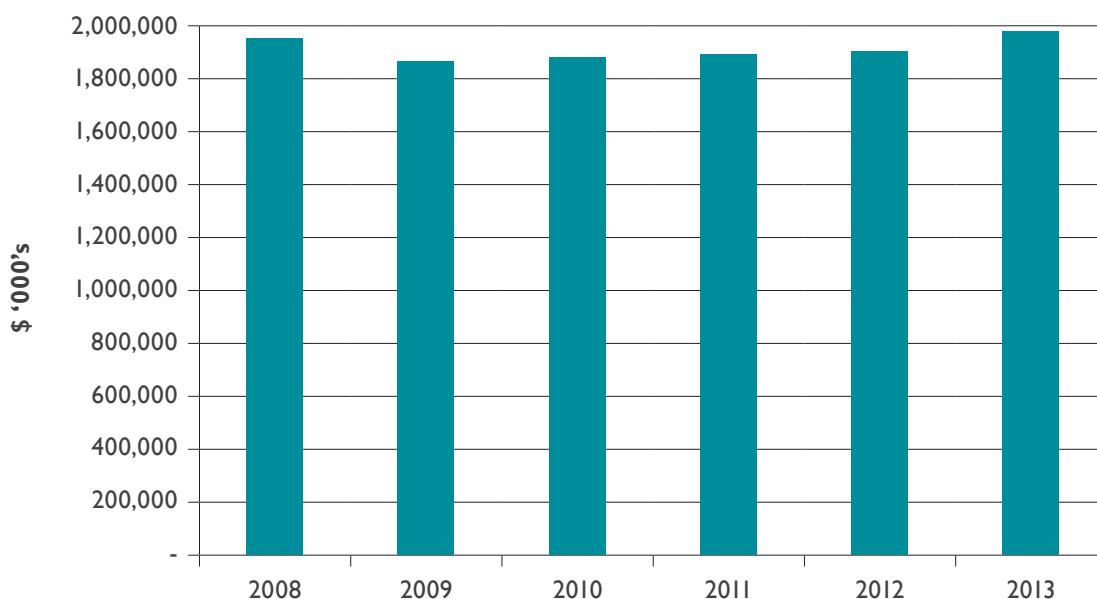
The loss on disposal of property, infrastructure, plant and equipment of \$2.471 million reflects the disposal of infrastructure assets and has remained steady during the financial year, increasing by \$35,000 or 1.44%.

FINANCIAL STRENGTH

Net assets increased by \$71.462 million (3.77%) to \$1.966 billion as a result of an increment in the value of Council's land assets, roads, footpaths, kerb and channel, bridges and street furniture assets, and arts and heritage assets offset by a small decrement in buildings assets. The 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.

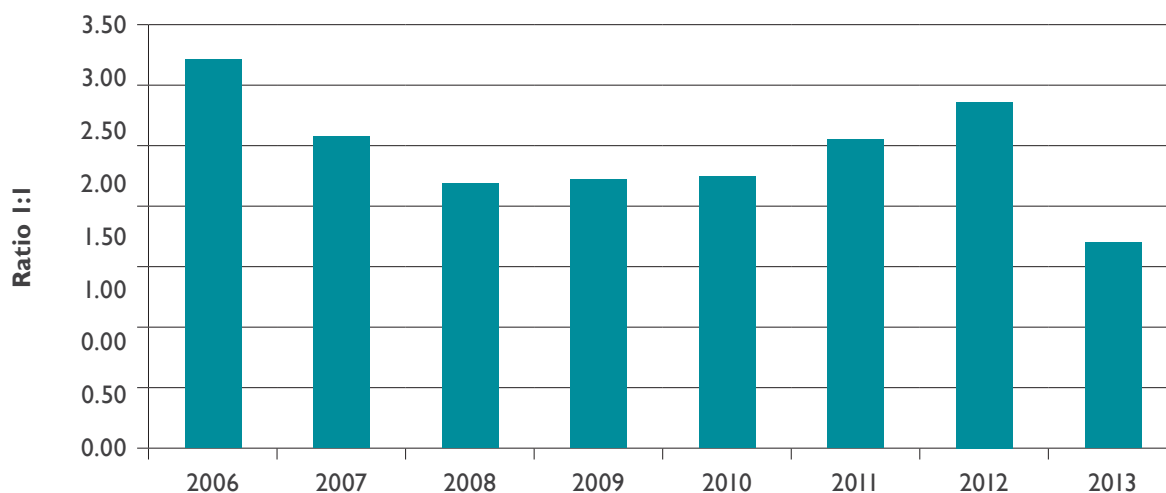
NET ASSETS 2013



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 1.71:1 indicates that the council has nearly two times more current (short-term) assets available to pay current (short term) liabilities, or \$1.71 of current assets for every \$1 of current liabilities.

The decrease in the ratio from previous year's ratio of 2.86:1 is due to a decrease in cash balances held at the end of the 2012/2013 financial year coupled with an increase in current liabilities including the defined benefits \$10.873 million superannuation liability, which was subsequently paid on 1st July 2013.

WORKING CAPITAL RATIO 2013



Current assets and liabilities

The council's current assets balance of \$64.207 million is primarily made up of short term bank deposits (\$37.588 million) and longer dated bank deposits (\$15.200 million), which have decreased this year by \$7.615 million (12.56%). This is due to a reduction in funds being available for investment as a result of the completion of major capital projects during the financial year including the Bubup Nairn Family and Childrens Centre, South Melbourne Market Roof and Marina Reserve. Receivables of \$10.773 million have increased by \$1.111 million due to increased parking infringement debtors at year end (net impact \$337,000 increase), increased rates receivables (\$157,000), and the impact of the inclusion of child care debtors (net increase \$105,000).

The council's current liabilities balance of \$37.536 million has increased by \$12.529 million or 49.58% due to the liability for the Vision Super defined benefit shortfall of \$10.873 million moving from non-current to current as it falls due within 12 months of the end of the 2012/2013 financial year.

Non-current assets

The 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.

The council's non-current assets balance has increased to \$1.942 billion in 2012/13, up \$79.473 million or 4.27% from the 2011/12 balance of \$1.862 billion. This increase is attributable to the following:

- An independent valuation of Councils land assets resulting in an increment of \$41.780 million
- An independent valuation of Councils roads, lanes, footpaths, kerb and channel, bridges and street furniture assets resulting in an increment of \$16.274 million
- An independent valuation of Councils heritage assets and works of art resulting in an increment of \$3.060 million
- Asset acquisitions and capitalised assets of \$39.829 million being greater than the depreciation charge of \$15.764 million in 2013.

These increases were partially offset by the write down of Councils buildings assets of \$5.188 million following an independent valuation at 30 June 2013. Fair value assessments of the council's drainage and land improvement assets were also undertaken at 30 June 2013 with no significant changes noted from the prior year.

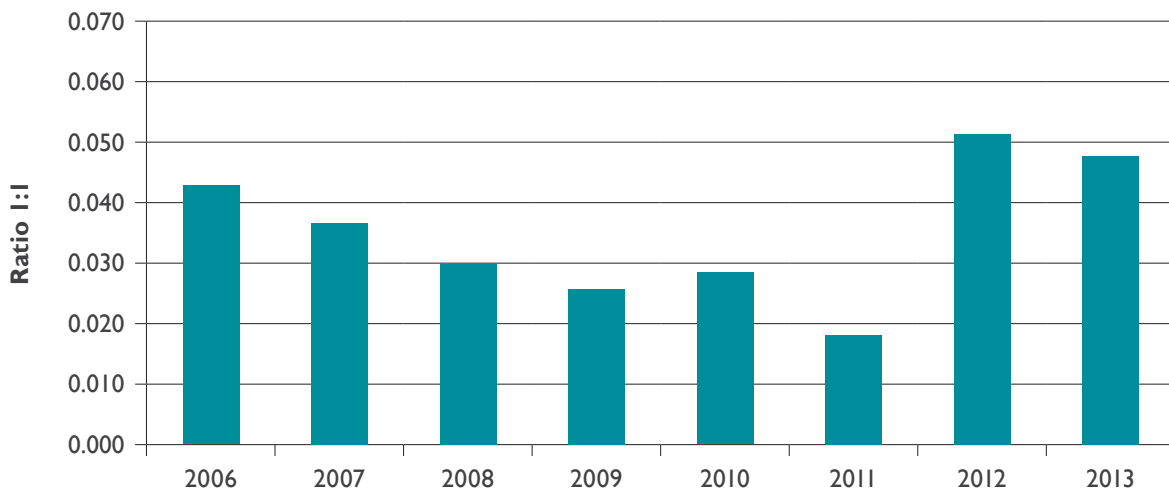
CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

Non-current liabilities

The council's non-current liabilities have decreased by \$11.942 million or 83.86 % from \$14.240 million in 2011/12 to \$2.298 million in 2012/13. This decrease is primarily related to the defined benefits superannuation liability which has been transferred from non-current to current liabilities in 2012/13.

The debt exposure ratio enables the assessment of Council's solvency and exposure to debt. The 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 increased sharply in the 2011/12 financial year due to the recognition of the superannuation liability. Further debt redemption and asset base expansion has resulted in this ratio resuming its downward trend in 2012/13.

DEBT EXPOSURE RATIO 2013



Cash

Cash has increased by \$17.155 million in the current financial year to \$37.588 million (2011/12: \$20.433 million).

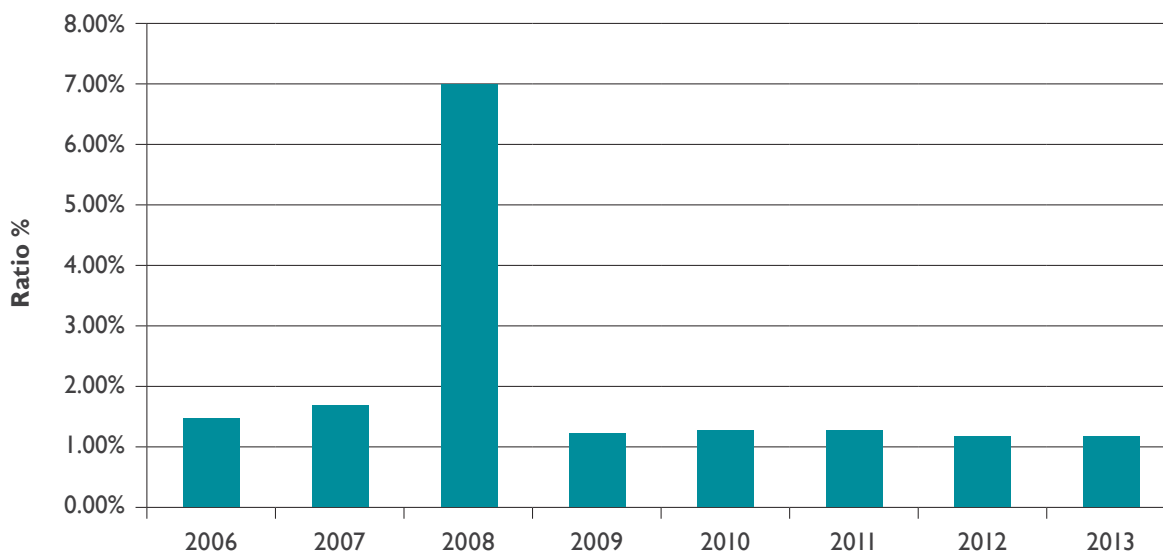
This is primarily due to an increase in the value of shorter term investments (deposits with maturities less than 90 days) and at call funds. In addition funds were moved to call at the year end to enable the settlement of the superannuation liability in early July. This structural change in investments is reflected by a \$24.8 million decrease in other financial assets which include longer term investments and the overall net reduction of \$7.645 million in investments is attributable to the significant capital works spend of \$37.5 million which included a large carry over from the 2011/12 financial year.

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.

This ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. The 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 1.12% which is consistent with the long term trend.

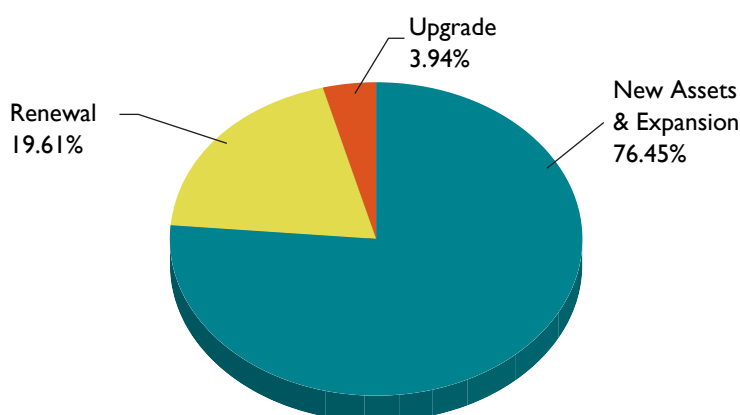
DEBT COMMITMENT RATIO 2013



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 new assets and expansions during the 2012/13 financial year, which is a shift in focus from prior financial years where the focus was on asset renewals.

The 2012/13 results is attributable the completion of major capital projects during the financial year, specifically Bubup Nairm Childrens Centre, South Melbourne Market Roof and Marina Reserve.

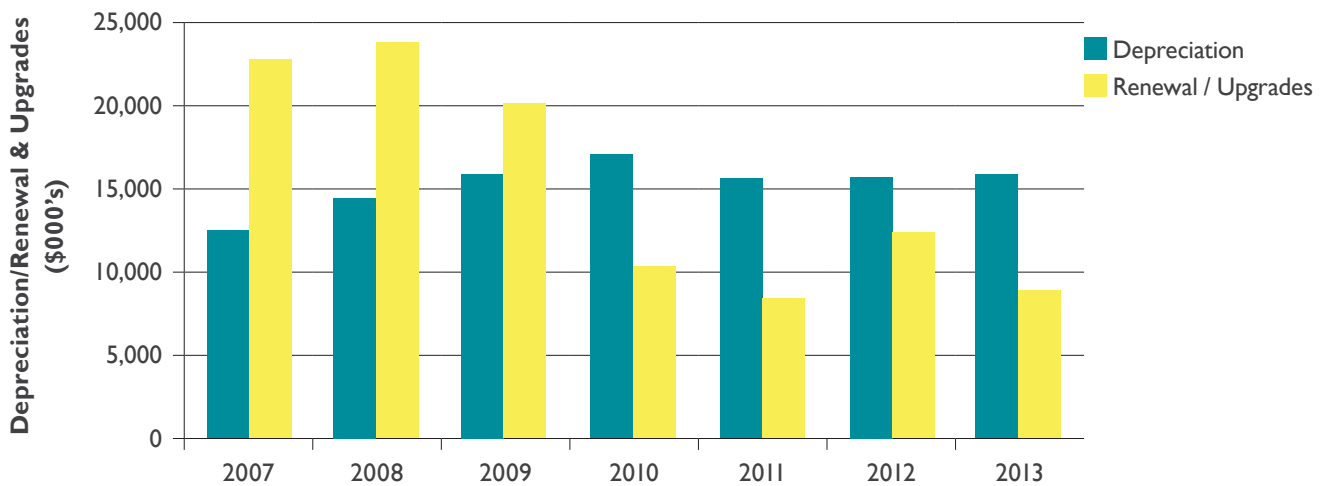
BREAKDOWN OF CAPITAL EXPENDITURE 2013



CHIEF FINANCIAL OFFICER'S REPORT (CONT.)

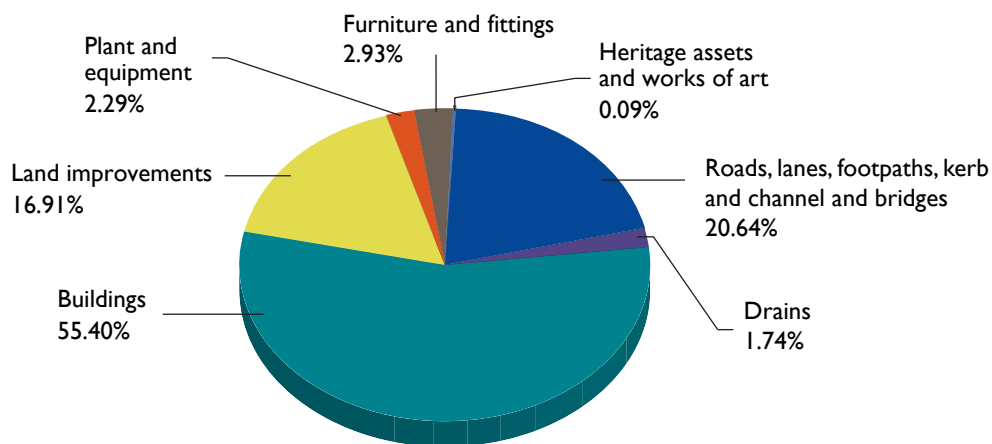
The council's expenditure on asset renewals and upgrades has historically exceeded its depreciation charge indicating that it is fully funding the wear and tear on its assets. Over the last four financial years this trend has reversed with depreciation exceeding expenditure on asset renewals. While this is partly attributable to the reclassification of capital to operating expenditure an emerging trend is a significant escalation in the proportion of the capital budget that is being expended on new assets and asset enhancements/upgrades.

CAPITAL RENEWAL/UPGRADES VS DEPRECIATION 2013



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. The lower proportion of infrastructure expenditure and higher spend on buildings is consistent with a capital works program that has a greater focus on new assets and asset enhancements.

CAPITAL EXPENDITURE BY ASSET CLASS 2013



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 2013. The report highlights Council's financial performance and overall position at the close of the 2012/2013 financial year (30 June 2013) 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 the 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.

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 assets 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 have 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 \$500,000 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 2013

	NOTE	2013 \$'000	2012 \$'000
INCOME			
Rates and garbage charges	2	95,213	88,581
Parking fees and fines	3	29,921	26,076
User charges and other fees	4	13,441	12,559
Statutory fees and fines	5	1,917	1,920
Grants - operating	6	10,755	11,119
Grants - capital	6	1,400	4,204
Contributions	7	12,058	3,552
Other income	8	3,442	2,630
Interest		2,177	3,054
Rent		7,064	7,412
TOTAL INCOME		177,388	161,107
EXPENSES			
Employee benefits	9	64,138	71,479
Contract services	10	38,295	35,542
Materials and administrative costs	11	25,976	22,125
Bad and doubtful debts	12	3,206	2,128
Depreciation	13	15,764	15,649
Professional services		5,294	4,873
Utility payments		2,855	2,674
Other expenses	14	3,682	4,164
Finance costs	15	171	202
Net loss on disposal of property, infrastructure, plant and equipment	16	2,471	2,436
TOTAL EXPENSES		161,852	161,272
SURPLUS / (DEFICIT)		15,536	(165)
OTHER COMPREHENSIVE INCOME			
Net asset revaluation increment/(decrement)	26	55,926	5,796
COMPREHENSIVE SURPLUS		71,462	5,631

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	NOTE	2013 \$'000	2012 \$'000	2011 \$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	17	37,588	20,433	27,733
Financial assets	18	15,200	40,000	22,044
Receivables	19	10,773	9,662	10,088
Other assets	20	656	1,633	1,043
TOTAL CURRENT ASSETS		64,217	71,728	60,908
NON-CURRENT ASSETS				
Financial assets	18	235	205	3,853
Property, infrastructure, plant and equipment	21	1,941,528	1,862,085	1,851,346
TOTAL NON-CURRENT ASSETS		1,941,763	1,862,290	1,855,199
TOTAL ASSETS		2,005,980	1,934,018	1,916,107
LIABILITIES				
CURRENT LIABILITIES				
Payables	22	24,380	12,873	12,024
Trust funds and deposits	23	2,698	2,303	2,825
Provisions	24	9,358	9,001	8,174
Interest-bearing loans and borrowings	25	1,100	917	852
TOTAL CURRENT LIABILITIES		37,536	25,094	23,875
NON-CURRENT LIABILITIES				
Payables	22	-	11,147	-
Provisions	24	1,548	1,568	1,194
Interest-bearing loans and borrowings	25	750	1,525	1,985
TOTAL NON-CURRENT LIABILITIES		2,298	14,240	3,179
TOTAL LIABILITIES		39,834	39,334	27,054
NET ASSETS		1,966,146	1,894,684	1,889,053
EQUITY				
Accumulated surplus		582,690	567,434	568,650
Reserves	26	1,383,456	1,327,250	1,320,403
TOTAL EQUITY		1,966,146	1,894,684	1,889,053

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 2013

	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	ASSET REVALUATION RESERVES \$'000	OTHER RESERVES \$'000
2013					
Balance at beginning of the financial year		1,894,684	567,434	1,298,844	28,406
Surplus / (deficit)		15,536	15,536	-	-
Net asset revaluation increment	26(a)	55,926	-	55,926	-
Transfers to other reserves	26(b)	-	(13,835)	-	13,835
Transfers from other reserves	26(b)	-	13,555	-	(13,555)
BALANCE AT END OF THE FINANCIAL YEAR		1,966,146	582,690	1,354,770	28,686

	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	ASSET REVALUATION RESERVES \$'000	OTHER RESERVES \$'000
2012					
Balance at beginning of the financial year		1,889,053	568,650	1,293,048	27,355
Surplus / (deficit)		(165)	(165)	-	-
Net asset revaluation increment	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		1,894,684	567,434	1,298,844	28,406

	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	ASSET REVALUATION RESERVES \$'000	OTHER RESERVES \$'000
2011					
Balance at beginning of the financial year		1,880,378	569,357	1,285,519	25,502
Surplus / (deficit)		1,146	1,146	-	-
Net asset revaluation increment	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		1,889,053	568,650	1,293,048	27,355

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 2013

	NOTE	2013 INFLOWS/ (OUTFLOWS) \$'000	2012 INFLOWS/ (OUTFLOWS) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and garbage charges		95,056	88,735
Parking fees and fines		26,632	24,398
User charges and other fines (inclusive of GST)		14,887	14,508
Grants (inclusive of GST)		12,409	15,539
Contributions		7,935	3,267
Interest		2,529	2,982
Rent (inclusive of GST)		7,657	7,917
Other receipts (inclusive of GST)		3,539	2,921
Net GST refund		7,141	6,319
Payments to suppliers (inclusive of GST)		(42,418)	(45,145)
Payments to employees		(64,055)	(59,467)
Other payments		(40,523)	(30,939)
Net cash provided by operating activities	27	30,789	31,035
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(37,345)	(22,326)
Proceeds from sale of property, infrastructure, plant and equipment		12	-
Proceeds from sale of financial assets		40,000	25,364
Payments for financial assets		(15,230)	(40,000)
Net cash (used in) investing activities		(12,563)	(36,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing liabilities		(900)	(807)
Finance costs		(171)	(202)
Net cash (used in) financing activities		(1,071)	(1,009)
Net increase in cash and cash equivalents		17,155	(6,936)
Cash and cash equivalents at the beginning of the financial year		20,433	27,369
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	28	37,588	20,433
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 2013

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.

Council's focus for the next four years is articulated in the Council Plan 2013-2017 and is reflected in sixteen objectives that are framed around four focus areas:

ENGAGED – A WELL-GOVERNED CITY

- 1.1 Provide clear and open communication and engagement that is valued by the community
- 1.2 Value transparent processes in Council decision making
- 1.3 Build and facilitate a network of active and informed communities
- 1.4 Build strategic relations with our partners
- 1.5 Achieve a reputation for organisational and service excellence

HEALTHY – A HEALTHY, CREATIVE & INCLUSIVE CITY

- 2.1 Ensure our City is a welcoming and safe place for all
- 2.2 Support our community to achieve improved health and wellbeing
- 2.3 Ensure quality and accessible family, youth and children's services that meet the needs of our community
- 2.4 Foster a community that values lifelong learning, strong connections and participating in the life of the City
- 2.5 Promote an improved range of cultural and leisure opportunities that foster a connected and engaged community

RESILIENT – A RESILIENT CITY

- 3.1 Build resilience through Council action and leadership
- 3.2 Support and increase community action for a resilient city

VIBRANT – A VIBRANT CITY

- 4.1 Encourage viable, vibrant villages
- 4.2 Ensure growth is well planned and managed for the future
- 4.3 Improve and manage local amenity and assets for now and the future
- 4.4 Ensure people can travel with ease using a range of convenient, safe, accessible and sustainable travel choices

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

INTRODUCTION (continued)

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, International Financial Reporting Standards (IFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989 and the Local Government (Finance & Reporting) Regulations 2004.

For the purposes of preparing financial statements, Council is a not-for-profit entity.

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. Council has a 50% interest in the Albert Park Hockey and Tennis Centre which is a joint venture with Wesley College.

(B) CORRECTION OF PRIOR PERIOD ERRORS

At 30 June 2013, Council identified the following error relating to prior periods.

Recognition of joint venture arrangement for the first time

In August 2013, Council's finance department became aware of a current joint venture agreement entered into with Wesley College in 1997 for the maintenance and operations of the Albert Park Hockey and Tennis Centre. The objective of the joint venture is to provide, manage and maintain a facility for use by sporting clubs and associations, schools and residents of Port Phillip and Wesley College for the playing of hockey and tennis.

At balance date Council has been provided audited financial statements for the Albert Park Hockey and Tennis Centre as at 31 March 2012 and has recognised Council's 50% share of assets and liabilities in the 2012/2013 annual financial report for the first time. At the time of writing this report, the 31 March 2013 statements were being prepared for audit.

As noted above, these errors relate to a financial year prior to the comparative year and as a result, the Statement of Financial Position opening balances as at 1 July 2011 were restated as follows:

- Cash and cash equivalents increased by \$364,000
- Current receivables increased by \$40,000
- Property, infrastructure, plant and equipment increased by \$231,000
- Current payables increased by \$44,000
- Current provisions increased by \$98,000
- Accumulated surplus increased by \$493,000.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE I SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) CORRECTION OF PRIOR PERIOD ERRORS (continued)

The impact of this adjustment as at 30 June 2011, is reflected in the restated balances as detailed below:

FINANCIAL REPORT LINE ITEM / BALANCE AFFECTED	NOTE	ACTUAL 2011 \$'000	CORRECTION \$'000	CORRECTED ACTUAL 2011 \$'000
STATEMENT OF FINANCIAL POSITION EXTRACT				
CURRENT ASSETS				
Cash and cash equivalents	17	27,369	364	27,733
Receivables	19	10,048	40	10,088
Total current assets		60,504	404	60,908
NON CURRENT ASSETS				
Property, infrastructure, plant and equipment	21	1,851,115	231	1,851,346
Total non current assets		1,854,968	231	1,855,199
TOTAL ASSETS		1,915,472	635	1,916,107
CURRENT LIABILITIES				
Payables	22	11,980	44	12,024
Provisions	24	8,076	98	8,174
Total current liabilities		23,733	142	23,875
TOTAL LIABILITIES		26,912	142	27,054
NET ASSETS		1,888,560	493	1,889,053
EQUITY				
Accumulated surplus		568,157	493	568,650
TOTAL EQUITY		1,888,560	493	1,889,053

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.

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

* Land improvements useful lives were reviewed and adjusted in 2012/13 following the formal revaluation at 30 June 2012. The useful lives have remained consistent with the 10-100 years range, as disclosed in prior years.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(F) BORROWING COST

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 related costs.

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 I 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 every 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.

(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 2007/2008 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.

In the 2012/2013 financial year, Council transferred a further six units, part-owned with the State Government's Office of Housing, located at 41 Farrell Street Port Melbourne to the Port Phillip Housing Trust. For further information relating to this transfer refer to Note 16, Note 21 and Note 30.

During the year Council had an interest in three properties (2011/2012: 4), two which are Council owned (2011/2012: 2), nil part-owned with the State Government's Office of Housing (2011/2012: 1) and one wholly owned by the Office of Housing (2011/2012: 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.

NOTE I SIGNIFICANT ACCOUNTING POLICIES (continued)

(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).

(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 2013 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 estimated future cash outflows to be made for these accrued entitlements.

Long service leave

Long service leave accrued for an employee with more than 7 years of service is classified as current, the amount under 7 years is classified as non-current. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service 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. Commonwealth bond rates are used for discounting future cash flows.

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

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

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.

NOTE I SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 are inclusive of the GST payable.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) PENDING ACCOUNTING STANDARDS AND INTERPRETATIONS

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

PRONOUNCEMENT

AASB 9 Financial Instruments

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are:</p> <ul style="list-style-type: none"> • Amortised cost – those assets with 'basic' loan features • Fair value through other comprehensive income – this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred, The only impairment testing will be on those assets held at amortised cost, and all impairments eligible for reversal, • Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity. 	<p>The impact is not likely to be extensive for Council due to the limitations of the types of financial assets Council holds.</p>	<p>Transitional arrangements are extensive – in general retrospective restatement is required, but there are exceptions. Early-adoption of the standard before 1 January 2014 removes the requirement for restatement of comparatives</p>	<p>Periods beginning on or after 1 January 2015. The standard was amended in 2012 to delay the effective date by two years (previously 1 January 2013).</p>

NOTE I SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) PENDING ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

PRONOUNCEMENT

AASB 10 Consolidated Financial Statements

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
<p>The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The existence of control is determined based on:</p> <ul style="list-style-type: none"> • Power to direct the activities of an investee (irrespective of whether such power is exercised). • Exposure, or rights, to variable returns from its involvement with the investee. • The ability to use its power over the investee to affect the amount of the investor's returns. 	<p>While the effects of this standard are not expected to be significant for Council, there may a requirement to review current service agreements in place to determine the existence of control and potentially consolidated as subsidiaries.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>

PRONOUNCEMENT

AASB 11 Joint Arrangements

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
<p>AASB 11 classifies all joint arrangements as either joint operations or joint ventures:</p> <ul style="list-style-type: none"> • Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. Each party recognises its own assets, liabilities, revenues and expenses resulting from the arrangement. • Joint ventures exist where their parties have the rights to the net assets of the arrangement. Each party accounts for the arrangement under the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures (see below). 	<p>Council currently recognises its share of assets and liabilities where joint arrangements in place. This standard is not expected to be a significant change in accounting policy for Council.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) PENDING ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

PRONOUNCEMENT

AASB 12 Disclosure of Involvement with Other Entities

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
<p>AASB 12 requires the disclosure of information to enable users to evaluate the nature of, and risks associated with, its interests in other entities and the effect of those interests on its financial position, financial performance, and cash flows. AASB applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities, and requires disclosures grouped into four categories:</p> <ul style="list-style-type: none"> • Significant judgments and assumptions, including how control, joint control, or significant influence has been determined. • Interests in subsidiaries, including details of the composition of the group, the interests held by any non-controlling interest, any changes in control, and the nature of any associated risks. • Interests in joint arrangements and associates, including their nature and extent, the effects on the group, and any associated risks. • Interests in unconsolidated structured entities, including their nature and extent, any changes during the year, and the associated risks. 	<p>This is likely to increase Council's disclosures around the operations of joint arrangements as well as other activities that Council have an interest in.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>

PRONOUNCEMENT

AASB 13 Fair Value Measurement

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> • Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date. • Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. • Level 3 – unobservable inputs for the asset or liability. <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	<p>The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. The impact is not likely to be extensive for Council due to the limitations of the types of financial assets Council holds.</p>	<p>Early adoption is permitted.</p>	<p>Periods beginning on or after 1 January 2013</p>

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) PENDING ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

PRONOUNCEMENT

AASB 119 Employee Benefits

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	Where adequate information is available, Council will apply the new standard from 1 July 2013 when the new standard applies to Council.		Periods beginning on or after 1 January 2013

PRONOUNCEMENT

AASB 127 Separate Financial Statements

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
AASB 127 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements (see above). It now deals only with the preparation of separate company financial statements.	These changes are not expected to impact Council as separate financial statements that are prepared for joint ventures are accounted for in current financial reports at cost.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

PRONOUNCEMENT

AASB 128 Investments in Associates and Joint Ventures

WHAT'S NEW?	IMPACT/ACTION	TRANSITION	EFFECTIVE DATE
AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements. The standard sets out how the equity method of accounting is to be applied, defines "significant influence" and how impairment is to be tested for investments in associates or joint ventures.	These changes are not expected to impact significantly on Council.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 2 RATES AND GARBAGE CHARGES	2013 \$'000	2012 \$'000
Residential	72,423	67,335
Commercial	16,764	15,817
Industrial	4,118	3,912
Supplementary rates and rate adjustments	1,162	839
Garbage bin charge	236	225
Interest on rates overdue	510	453
	95,213	88,581

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 2012/2013 was \$2.423 billion (2011/2012 was \$2.287 billion). The 2012/2013 rate in the NAV dollar was 3.8862 cents (2011/2012: 3.8445 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	16,017	12,837
Parking fees - ticket machines	12,478	11,977
Parking permits	1,426	1,262
	29,921	26,076

NOTE 4 USER CHARGES AND OTHER FEES

Aged services	750	719
Animal management services	377	412
Arts and festivals	86	124
Building services	327	219
Child care, childrens' services and programs	6,916	6,182
Derelict vehicles	426	354
Fines and cost recoveries	176	204
Market fees	609	650
Planning fees	2,443	2,718
Re-instatement works	54	59
Festivals	218	213
Foreshore events	481	398
Waste management	339	302
Parking administration fees	117	59
Other fees and charges	122	(54)
	13,441	12,559

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 5 STATUTORY FEES AND FINES	2013 \$'000	2012 \$'000
Crane permit fees	237	277
Health and food act fees	687	635
Kerbside permits	860	888
Land information certificates	133	120
	1,917	1,920

NOTE 6 GRANTS

SUMMARY OF GRANTS

GRANTS - OPERATING

Recurrent

State funded grants	10,118	10,297
Federally funded grants	563	698
	10,681	10,995

Non recurrent

State funded grants	73	123
Federally funded grants	1	1
	74	124

Total Grants - operating	10,755	11,119
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GRANTS - CAPITAL

Recurrent

State funded grants	-	-
Federally funded grants	182	223
	182	223

Non recurrent

State funded grants	1,218	3,981
Federally funded grants	-	-
	1,218	3,981

Total Grants - capital	1,400	4,204
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Total Grants	12,155	15,323
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NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 6 GRANTS (continued)	2013 \$'000	2012 \$'000
GRANTS - OPERATING		
RECURRENT		
State funded		
Respite & Home Support	77	368
Maintenance services	303	245
Social Inclusion	203	259
Home Care - Elderly	1,893	1,674
Meals Services	702	746
Social Support	365	353
Maternal and child health	599	542
Child Care	555	453
Adventure Playground and Leisure	24	24
Vacation Care	-	1
Immunisation	43	46
Family support	214	204
Arts	181	162
Environmental	297	300
Inner South East Partnerships in Community and Health	315	306
Street and Beach Cleaning	365	417
School crossing	84	83
Joint Council Access All Abilities (JCAAA)	390	310
Victorian Grants Commission	2,306	2,943
Sport and Recreation	460	148
Tobacco Activity	11	14
Community Development	77	46
Community Transport	105	97
Library subsidy	549	556
	10,118	10,297
Federally funded		
Respite & Home Support	-	3
Emergency Services	7	7
Family Planning	42	42
Home Care - Elderly	-	7
Child Care	213	247
Adventure Playground and Leisure	237	268
Vacation Care	16	35
Immunisation	20	18
Arts	28	71
	563	698

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 6 GRANTS (continued)	2013 \$'000	2012 \$'000
GRANTS - OPERATING		
NON - RECURRENT		
State funded		
Aged Services Equipment	50	16
Community Kitchen	-	14
Snap Shot Photography	-	7
City Switch Regional Program	-	84
Linking Neighbours Victoria Police Community Register	-	2
Mulicultural Liaison	7	-
Public Health and Wellbeing Plan 2013-17	15	-
Elwood Park Sports Pavillion	1	-
	73	123
Federally funded		
Albert Park Baptist Church	1	1
	1	1
GRANTS - CAPITAL		
RECURRENT		
State funded		
	-	-
	-	-
Federally funded		
Roads to Recovery	182	223
	182	223
NON-RECURRENT		
State funded		
Capital grants	1,218	3,981
	1,218	3,981
Federally funded		
	-	-
	-	-

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 6 GRANTS (continued)

2013
\$'000

2012
\$'000

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	1,315	-
Environment and water conservation program	-	352
Community health	93	11
Community care	32	56
Capital grants	-	334
Social inclusion	100	16
Aged care and social support	-	56
	1,540	825

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	334	1,406
Cultural and recreational services	156	685
Aged care and social support	10	-
Child care services	40	152
Environment and water conservation program	322	-
Community care	90	44
Community facilities	-	37
Community health	58	19
Sustainable transport	-	13
Drugs Strategy	17	-
Social inclusion	15	-
Urban and strategic planning	14	1
	1,056	2,357

Net increase/(decrease) in restricted assets resulting from grant revenues for the year	484	(1,532)
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NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 7 CONTRIBUTIONS	2013 \$'000	2012 \$'000
CASH		
Capital works contributions	1,193	27
Developer contributions	6,742	3,240
NON-MONETARY		
Beacon Cove Pumping Station asset transferred to Council	1,500	-
Napier Street Aged Care Hostel works donated to Council	2,448	-
Infrastructure assets transferred or donated to Council	175	285
	12,058	3,552

NOTE 8 OTHER INCOME

Donations	300	217
Sales - festivals and community activities	484	499
Insurance recovery	1,147	112
Sale of derelict vehicles	57	89
Property and valuations income	628	118
Sale of right of ways	160	154
Trust income written back	-	470
Other Income	666	643
Impairment gain *	-	328
	3,442	2,630

* In 2008/09 Council recognised an impairment charge of \$1.737 million on 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 was redeemed in the 2011/12 financial year for \$2,975,800 which resulted in an impairment gain of \$327,800 in that financial year.

NOTE 9 EMPLOYEE BENEFITS

Wages and salaries	49,423	45,783
Agency and casual staff	3,280	2,991
Annual leave and long service leave	5,648	5,782
Superannuation	4,709	4,428
Superannuation- additional call City of Port Phillip*	-	10,873
Superannuation- additional call Streetsahead 50% share*	-	274
Fringe benefits tax and WorkCover	994	1,126
Redundancy costs	84	222
	64,138	71,479

* In the 2011/2012 financial year, Council was required to make a contribution of \$10.873 million to Vision Super to meet obligations in relation to members of the defined benefit plan. This liability was paid on 1st July 2013. Council was 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 portion of the liability was paid during the 2012/13 financial year.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 10 CONTRACT SERVICES	2013 \$'000	2012 \$'000
Cleaning	6,851	6,620
Health, child care centres, kindergartens and schools	491	403
Festivals and programs	1,967	1,844
Food production	688	683
Information systems	414	309
Maintenance and construction	3,976	3,947
Parking administration and management	3,139	2,525
Parks, gardens and reserves	6,663	6,320
Perin lodgement fees	1,412	1,238
Recycling and waste management	7,345	6,321
Community service agreements	1,114	1,073
Security services	1,336	1,398
Valuations	642	581
Relocation and recruitment	145	246
Search fees	8	236
Corporate functions support	45	85
Insurance	50	40
Publications	782	313
Derelict vehicles	16	36
Social and community services	81	80
Holiday program	91	36
Environmental and outdoor design	155	153
Graffiti removal	199	157
Other	685	898
	38,295	35,542

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 11 MATERIALS AND ADMINISTRATIVE COSTS	2013 \$'000	2012 \$'000
Advertising	505	1,023
Contributions - other	3,339	3,025
Insurance	1,217	1,168
Metropolitan Fire Brigade levy	2,250	2,296
Operating leases	3,495	3,488
Printing and stationery	720	1,084
Telephone charges	1,631	1,267
Training	813	985
Maintenance	10,357	5,766
Materials	1,649	2,023
	25,976	22,125

NOTE 12 BAD AND DOUBTFUL DEBTS

Parking fine debtors	35	(12)
Parking debtors - Infringements Court	2,906	2,034
Other debtors	265	106
	3,206	2,128

NOTE 13 DEPRECIATION

Buildings	3,963	3,618
Heritage and works of art	115	114
Plant and equipment	843	1,136
Furniture and fittings	1,533	1,824
Roads, footpaths and bridges	6,273	5,818
Land improvements	2,290	2,405
Drainage	747	734
	15,764	15,649

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 14 OTHER EXPENSES	2013 \$'000	2012 \$'000
Activities / programs	623	1,010
Bank charges	461	444
Catering charges	570	574
General transport	329	359
Postage	285	307
Waste rebates	162	86
Software costs	214	191
Subscriptions	284	239
Travel	29	28
Rent	215	279
Cab charges	29	39
Licence fees and permits	24	29
Periodicals and journals	65	55
Other	392	524
	3,682	4,164

NOTE 15 FINANCE COSTS

Interest	55	97
Interest - Joint Venture	116	105
	171	202

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 16 DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	2013 \$'000	2012 \$'000
LAND		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	-
(Loss) on disposal of land	-	-
LAND IMPROVEMENTS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(261)	(280)
(Loss) on disposal of land improvements	(261)	(280)
BUILDINGS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(803)	(158)
(Loss) on disposal of buildings	(803)	(158)
ROADS, FOOTPATHS AND BRIDGES		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,188)	(1,802)
(Loss) on disposal of roads, footpaths and bridges	(1,188)	(1,802)
DRAINAGE		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(102)	(190)
(Loss) on disposal of drains	(102)	(190)
PLANT AND EQUIPMENT		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(123)	-
(Loss) on disposal of plant and equipment	(123)	-
FURNITURE AND FITTINGS		
Proceeds from sale of assets	12	-
Written down value of assets disposed/scrapped	(6)	(6)
Profit/(Loss) on disposal of furniture and fittings	6	(6)
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	-	-
SUMMARY		
Proceeds from sale of assets	12	-
Written down value of assets disposed/scrapped	(2,483)	(2,436)
(Loss) on disposal of assets	(2,471)	(2,436)

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 17 CASH AND CASH EQUIVALENTS	2013 \$'000	2012 \$'000	2011 \$'000
Cash on hand	34	45	38
Cash at bank	8,490	9,623	8,695
	8,524	9,668	8,733
Cash equivalents - Bank Bills with maturity less than 3 months	29,064	10,765	19,000
	37,588	20,433	27,733

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:

- Statutory reserve balances (Note 26)
- Trust funds (Note 23)

	2013 \$'000	2012 \$'000
- Statutory reserve balances (Note 26)	10,389	8,915
- Trust funds (Note 23)	2,698	2,303
Restricted funds	13,087	11,218
Total unrestricted cash and cash equivalents	24,501	9,215

NOTE 18 FINANCIAL ASSETS

Current

Bank bills - maturity greater than 3 months	15,200	40,000
	15,200	40,000

Non-Current

Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	230	200
	235	205
	15,435	40,205

NOTE 19 RECEIVABLES

	2013 \$'000	2012 \$'000	2011 \$'000
Rates debtors	1,779	1,622	1,776
Parking infringement debtors	15,528	14,557	14,345
Provision for doubtful debts - parking infringements	(11,067)	(10,433)	(10,179)
Other debtors	4,161	3,183	3,012
Provision for doubtful debts - other debtors	(537)	(284)	(213)
Net GST receivable	909	1,017	1,347
	10,773	9,662	10,088

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 20 OTHER ASSETS	2013 \$'000	2012 \$'000
Prepayments		
Insurance	28	510
Computer maintenance	77	200
Annual subscriptions and memberships	-	20
	105	730
Accrued Income	551	903
	656	1,633

NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	2013 \$'000	2012 \$'000	2011 \$'000
Summary			
at cost	42,462	61,999	50,204
at fair value as at 30 June 2009	-	-	47,188
at fair value as at 30 June 2010	-	1,963,476	1,968,297
at fair value as at 30 June 2011	98,543	98,729	99,014
at fair value as at 30 June 2012	48,644	57,937	-
at fair value as at 30 June 2013	2,096,296	-	-
Less accumulated depreciation	(344,417)	(320,056)	(313,357)
	1,941,528	1,862,085	1,851,346

LAND AND BUILDINGS

Land			
at cost	-	700	700
at fair value as at 30 June 2010 1	-	384,905	384,905
controlled land at fair value as at 30 June 2010 1	-	1,008,902	1,008,902
at fair value as at 30 June 2013 1	421,422	-	-
controlled land at fair value as at 30 June 2013 1	1,016,115	-	-
Total	1,437,537	1,394,507	1,394,507

Land improvements			
at cost	5,404	577	6,914
at fair value as at 30 June 2009 2	-	-	47,188
at fair value as at 30 June 2012 3	48,644	57,937	-
Less: accumulated depreciation	(15,139)	(14,781)	(17,526)
Total	38,909	43,733	36,576

Buildings			
at cost	-	6,412	2,043
at fair value as at 30 June 2010 2	-	143,499	144,715
controlled buildings at fair value as at 30 June 2010 2	-	108,957	108,957
at fair value as at 30 June 2013 2	163,576	-	-
controlled buildings at fair value as at 30 June 2013 2	126,650	-	-
Less: accumulated depreciation	(146,489)	(130,949)	(128,389)
Total	143,737	127,919	127,326

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	2013 \$'000	2012 \$'000	2011 \$'000
PLANT AND EQUIPMENT			
Plant and equipment			
at cost	7,412	10,844	9,865
Less: accumulated depreciation	(5,292)	(6,286)	(5,443)
Total	2,120	4,558	4,422
Furniture and fittings			
at cost	12,437	12,141	11,291
Less: accumulated depreciation	(9,073)	(8,630)	(7,355)
Total	3,364	3,511	3,936
Heritage assets and works of art			
at cost	-	163	21
at fair value as at 30 June 2010 4	-	11,328	11,328
at fair value as at 30 June 2013 4	14,242	-	-
Less: accumulated depreciation	-	(226)	(113)
Total	14,242	11,265	11,236
INFRASTRUCTURE			
Roads, lanes, footpaths, kerb and channel, bridges and street furniture			
at cost	-	14,539	6,760
at fair value as at 30 June 2010 5	-	305,885	309,490
at fair value as at 30 June 2013 6	354,291	-	-
Less: accumulated depreciation	(131,553)	(122,976)	(118,961)
Total	222,738	197,448	197,289
Drains			
at cost	4,460	1,390	-
at fair value as at 30 June 2011 6	98,543	98,729	99,014
Less: accumulated depreciation	(36,871)	(36,208)	(35,570)
Total	66,132	63,911	63,444
Work in progress - at cost	12,749	15,233	12,610
Total property, infrastructure, plant & equipment	1,941,528	1,862,085	1,851,346

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

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 2013 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer.

2 Building valuations

Building revaluations as at 30 June 2013 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer.

3 Land improvements valuations

Land improvement revaluations as at 30 June 2012 were performed by Mr J Hicks BE (Civil). An assessment during 2012/13 of the value of all land improvement assets has indicated there is no material change required to be made to their carrying value.

PLANT AND EQUIPMENT

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

4 Heritage and works of art valuations

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.

Heritage and works of art valuations as at 30 June 2013 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 2013 by Mr J Williams Dip CE.

6 Drains valuations

Drains were valued as at 30 June 2011 by Mr J Hicks BE (Civil). An assessment during 2012/13 of the value of 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 2013

NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	Roads Kerb & Channel Street	Lanes Bridges Furniture	Footpaths Drains	Land
2013 RECONCILIATION				
WDV at beginning of financial year	197,448	63,911	1,394,507	
Acquisition of assets	7,005	1,438	1,250	
Contributed assets (Note 7)	43	1,632	-	
Council share of Joint Venture assets (Note 38)	-	-	-	
Depreciation (Note 13)	(6,273)	(747)	-	
Revaluation increment / (decrement) (Note 26)	16,274	-	41,780	
WDV of disposals (Note 16)	(1,188)	(102)	-	
Transfer of assets	9,429	-	-	
Movement in Work in Progress	-	-	-	
WDV at end of financial year	222,738	66,132	1,437,537	
2012 RECONCILIATION				
WDV at beginning of financial year	197,289	63,445	1,394,507	
Acquisition of assets	7,779	1,388	-	
Contributed assets (Note 7)	-	2	-	
Council share of Joint Venture assets (Note 38)	-	-	-	
Depreciation (Note 13)	(5,818)	(734)	-	
Revaluation increment / (decrement) (Note 26)	-	-	-	
WDV of disposals (Note 16)	(1,802)	(190)	-	
Transfer of assets	-	-	-	
Movement in Work in Progress	-	-	-	
WDV at end of financial year	197,448	63,911	1,394,507	
2011 RECONCILIATION				
WDV at beginning of financial year	197,448	57,629	1,393,807	
Acquisition of assets	6,464	574	700	
Contributed assets (Note 7)	296	-	-	
Council share of Joint Venture assets (Note 38)	-	-	-	
Depreciation (Note 13)	(5,712)	(636)	-	
Revaluation increment / (decrement) (Note 26)	-	7,529	-	
WDV of disposals (Note 16)	(1,207)	(1,651)	-	
Transfer of assets	-	-	-	
Movement in Work in Progress	-	-	-	
WDV at end of financial year	197,289	63,445	1,394,507	

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

Buildings	Land Improvement	Plant and Equipment	Furniture and Fittings	Heritage Assets and Works of Art	Works in Progress	TOTAL Non Current Assets
127,919	43,733	4,558	3,511	11,265	15,233	1,862,085
23,324	4,827	857	1,096	32	-	39,829
2,448	-	-	-	-	-	4,123
-	-	-	296	-	-	296
(3,963)	(2,290)	(843)	(1,533)	(115)	-	(15,764)
(5,188)	-	-	-	3,060	-	55,926
(803)	(261)	(123)	(6)	-	-	(2,483)
-	(7,100)	(2,329)	-	-	-	-
-	-	-	-	-	(2,484)	(2,484)
143,737	38,909	2,120	3,364	14,242	12,749	1,941,528

127,327	36,576	4,422	3,934	11,236	12,610	1,851,346
4,368	3,784	1,272	990	122	-	19,703
-	262	-	-	21	-	285
-	-	-	417	-	-	417
(3,618)	(2,405)	(1,136)	(1,824)	(114)	-	(15,649)
-	5,796	-	-	-	-	5,796
(158)	(280)	-	(6)	-	-	(2,436)
-	-	-	-	-	-	-
-	-	-	-	-	2,623	2,623
127,919	43,733	4,558	3,511	11,265	15,233	1,862,085

130,026	36,487	3,500	4,863	11,328	13,880	1,848,968
2,043	2,676	2,001	857	21	-	15,336
-	-	-	-	-	-	296
-	-	-	317	-	-	317
(3,515)	(2,350)	(1,079)	(2,090)	(113)	-	(15,495)
-	-	-	-	-	-	7,529
(1,227)	(237)	-	(13)	-	-	(4,335)
-	-	-	-	-	-	-
-	-	-	-	-	(1,270)	(1,270)
127,327	36,576	4,422	3,934	11,236	12,610	1,851,346

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 22 PAYABLES	2013 \$'000	2012 \$'000	2011 \$'000
Current			
Trade creditors	7,057	9,480	5,997
Accrued expenses	4,972	1,957	3,102
Other	1,478	1,436	1,500
Vision Super Defined Benefit Shortfall- Port Phillip**	10,873	-	1,425
	24,380	12,873	12,024
Non Current			
Vision Super Defined Benefit Shortfall- Port Phillip**	-	10,873	-
Vision Super Defined Benefit Shortfall- 50% share of Streetsahead JV**	-	274	-
	-	11,147	-
	24,380	24,020	12,024

** 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 related to a present obligation determined as at 31 December 2011 and was paid on 1st July 2013. Council were 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 portion of the liability was settled during the 2012/2013 financial year. Refer to Note 9 Employee Costs.

NOTE 23 TRUST FUNDS AND DEPOSITS	2013 \$'000	2012 \$'000
Refundable contract deposits	227	256
Refundable tender deposits	14	15
Refundable civic facilities deposits	43	51
Refundable asset protection deposits	1,952	1,669
Refundable tenancy bonds	297	242
Other refundable deposits	165	70
	2,698	2,303

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 24 PROVISIONS	2013 \$'000	2012 \$'000	2011 \$'000
Current			
Annual leave	3,958	3,709	3,269
Long service leave	4,250	4,156	3,798
Retirement gratuity	176	177	161
Joint venture employees	915	930	805
Other	59	29	141
	9,358	9,001	8,174
Non-current			
Annual leave	-	-	-
Long service leave	1,548	1,568	1,194
Retirement gratuity	-	-	-
Joint venture employees	-	-	-
	1,548	1,568	1,194
Aggregate carrying amount of employee benefits			
Current	9,358	9,001	8,174
Non-current	1,548	1,568	1,194
	10,906	10,569	9,368
The following assumptions were adopted in measuring the present value of employee benefits:			
Weighted average increase in employee costs	4.50%	4.31%	4.60%
Weighted average discount rates	3.27%	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	6,463	6,336	5,794
Other short-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	2,895	2,665	2,380
	9,358	9,001	8,174
Non-current			
Long service leave representing less than 7 years of continuous service measured at present value	1,548	1,568	1,194
	No.	No.	No.
Average employee numbers during the financial year	890	841	814
Number of full time equivalents (FTE) at year end	702	667	655

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 24 PROVISIONS (continued)	ANNUAL LEAVE \$'000	LONG SERVICE LEAVE \$'000	RETIREMENT GRATUITY \$'000	JOINT VENTURE EMPLOYEES \$'000	OTHER \$'000	TOTAL \$'000
2013						
Balance at beginning of the financial year	3,710	5,723	178	929	29	10,569
Additional provisions	4,535	1,482	(3)	127	558	6,699
Amounts used	(4,221)	(1,030)	-	(141)	(529)	(5,921)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	(67)	(376)	2	-	-	(441)
Balance at the end of the financial year	3,957	5,799	177	915	58	10,906
2012						
Balance at beginning of the financial year	3,269	4,992	161	805	141	9,368
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	929	29	10,569
2011						
Balance at beginning of the financial year	2,869	4,873	215	823	132	8,912
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	805	141	9,368

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 25 INTEREST-BEARING LIABILITIES		
Current		
Borrowings - secured against rates and charges	632	594
Joint venture finance lease liability	468	323
	1,100	917
Non-current		
Borrowings - secured against rates and charges	-	632
Joint venture finance lease liability	750	893
	750	1,525
	1,850	2,442
The maturity profile for Council's borrowings is:		
Not later than one year	1,100	917
Later than one year and not later than five years	750	1,525
Later than five years	-	-
	1,850	2,442

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	566	435
Later than one year and not later than five years	867	1,032
Later than five years	-	-
Minimum lease payments	1,433	1,467
Less: Future finance charges	(215)	(251)
Recognised in the balance sheet	1,218	1,216
Current		
Finance leases	468	323
Non-current		
Finance leases	750	893
	1,218	1,216

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 26 RESERVES	BALANCE AT BEGINNING OF YEAR \$'000	INCREMENT (DECREMENT) \$'000	BALANCE AT END OF YEAR \$'000
(A) ASSET REVALUATION RESERVES			
2013			
Property			
Land	1,128,483	41,780	1,170,263
Land improvements	13,650	-	13,650
Arts & Heritage	4,643	3,060	7,703
Buildings	60,711	(5,188)	55,523
	1,207,487	39,652	1,247,139
Infrastructure			
Roads, footpaths and bridges	65,992	16,274	82,266
Drainage	25,365	-	25,365
	91,357	16,274	107,631
Total Asset revaluation reserves	1,298,844	55,926	1,354,770
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

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 26 RESERVES (continued)	BALANCE AT BEGINNING OF YEAR \$'000	TRANSFER FROM ACCUMULATED SURPLUS \$'000	TRANSFER TO ACCUMULATED SURPLUS \$'000	BALANCE AT END OF YEAR \$'000
(B) OTHER RESERVES				
2013				
General Reserve	19,491	6,901	(8,095)	18,297
Statutory Reserves				
Resort and recreation reserve	6,910	6,934	(5,460)	8,384
Contributions for car parking reserve	1,790	-	-	1,790
Contribution for CI3 infrastructure reserve	215	-	-	215
	8,915	6,934	(5,460)	10,389
Total Other reserves	28,406	13,835	(13,555)	28,686
2012				
General Reserve	18,720	5,829	(5,058)	19,491
Statutory Reserves				
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
	8,635	3,240	(2,960)	8,915
Total Other reserves	27,355	9,069	(8,018)	28,406
			2013 \$'000	2012 \$'000
Asset revaluation reserve			1,354,770	1,298,844
Other reserves			28,686	28,406
Total Reserves			1,383,456	1,327,250

Asset revaluation reserve

The asset revaluation reserve was established to record the increased (net) value of Council's assets over time.

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. See note 32 for further information.

NOTE 27 RECONCILIATION OF CASH FLOWS PROVIDED BY OPERATING ACTIVITIES TO THE PROFIT/(LOSS) FOR THE YEAR

	2013 \$'000	2012 \$'000
Surplus/(deficit)	15,536	(165)
Depreciation (see Note 13)	15,764	15,649
Loss on disposal of property, plant and equipment (see Note 16)	2,471	2,436
Impairment (gain)/loss related to non current financial asset	-	(328)
Non monetary contributed assets	(4,123)	(285)
St Kilda Triangle settlement	-	1,500
Finance costs (see Note 15)	171	207
Proceeds from sale of property, plant and equipment (Note 16)	12	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	(1,111)	(426)
(Increase)/decrease in accrued income	352	34
(Increase)/decrease in prepayments	625	(624)
Increase/(decrease) in payables & trust funds	755	11,474
Increase/(decrease) in provisions	337	1,199
Net cash provided by operating activities	30,789	30,671

NOTE 28 RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash deposits (see Note 17)	8,524	9,668
Cash equivalents - Bank Bills with maturity less than 3 months	29,064	10,765
	37,588	20,433

NOTE 29 FINANCING ARRANGEMENTS

Bank overdraft	1500	1500
Used facilities	-	-
Unused Bank overdraft facilities	1,500	1,500
Credit Card facilities	167	167
Used facilities	(21)	(2)
Unused Credit card facilities	146	165

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 30 RESTRICTED ASSETS	2013 \$'000	2012 \$'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).		
Trust funds and deposits (Note 23)	2,698	2,303
Statutory reserve balances (Note 26b)	10,389	8,915
	13,087	11,218

Included in Note 21 'Property, infrastructure, plant and equipment' are housing assets which have restrictions on them. These assets which total \$3.7 million (2011/2012: \$7.8 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 \$3.7 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 \$3.3 million (2011/2012: \$6.3 million). The 6 Community Flats at 41 Farrell St, Port Melbourne were transferred to the Port Phillip Housing Association in 2012/13.

NOTE 31 SUPERANNUATION

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

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

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

Defined Benefit

The Fund's Defined Benefit category is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated to each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Council does not use defined benefit accounting for these defined benefit obligations.

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12).

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

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

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

NOTE 31 SUPERANNUATION (continued)

Shortfall Amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Council is a contributing employer. Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Council has not been advised of any further adjustments.

The projected value of Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$11.147 million which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 9) and in the Balance Sheet in Non Current Liabilities Payables (see Note 22). No further amount has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note 9) and in the Balance Sheet in Current Liabilities Payables (see Note 22).

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

The amount of the unpaid shortfall at 30 June 2013 is \$10.873 million (\$11.147 million 2011/12). This unpaid amount is included in the Balance Sheet in Current Liabilities Payables (see Note 22).

Accrued Benefits

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

	31-DEC-11 \$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	<u>(326,809)</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503

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

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

(A) SUPERANNUATION CONTRIBUTIONS	2013 \$'000	2012 \$'000
Council made contributions to the following funds:		
Defined benefit funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	447	544
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	10,873	11,147
	11,320	11,691
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,262	3,884
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	-	-
	4,262	3,884
	15,582	15,575

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 32 COMMITMENTS	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
2013					
The Council has entered into the following commitments:					
Operating					
Advertising and marketing	31	-	-	-	31
Animal Management	49	4	-	-	53
Architecture	19	-	-	-	19
Assurance services/Internal audit	64	-	-	-	64
Banking	387	387	645	-	1,419
Building Maintenance	176	149	367	-	692
Building services	-	-	-	-	-
Cleaning	1,604	1,088	40	-	2,732
Computers and technology	1,287	910	952	-	3,149
Debt Collection	16	-	-	-	16
Festivals	108	109	63	-	280
Fleet services	1,587	-	-	-	1,587
Infrastructure construction	5,617	-	-	-	5,617
Insurance services	23	-	-	-	23
Legal services	-	-	-	-	-
Parking services	2,038	2,038	2,805	-	6,881
Playspaces	-	-	-	-	-
Printing and Publishing	201	201	-	-	402
Waste Management	8,762	8,563	23,826	-	41,151
Security services	63	-	-	-	63
Stationery	-	-	-	-	-
Street furniture	370	-	-	-	370
Street tree & parks maintenance	12,394	12,394	20,149	-	44,937
Sustainability	11	-	-	-	11
Valuations	734	428	-	-	1,162
Vehicle management	244	240	513	-	997
	35,785	26,511	49,360	-	111,656
Capital					
Construction	7,486	-	-	-	7,486
TOTAL	43,271	26,511	49,360	-	119,142

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 32 COMMITMENTS (continued)	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
2012					
The Council has entered into the following commitments:					
Operating					
Advertising and marketing	-	-	-	-	-
Architecture	137	-	-	-	137
Assurance services/Internal audit	-	-	-	-	-
Banking	387	387	1,232	-	2,006
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
Insurance services	-	-	-	-	-
Legal services	11	-	-	-	11
Parking services	1,278	497	1,169	-	2,944
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
	53,981	33,897	55,403	-	143,281
Capital					
Construction	16,065	-	-	-	16,065
TOTAL	70,046	33,897	55,403	-	159,346

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 32 COMMITMENTS (continued)	2013 \$'000	2012 \$'000
C13 DEVELOPER CONTRIBUTIONS SCHEME		
<p>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 2013, after further CPI adjustments and completion of works over the life of the scheme, works to the value of \$3.331 million are outstanding.</p>		
Value of works outstanding at 1 July	3,442	3,655
Works completed 2012/2013	(189)	(254)
	3,253	3,401
CPI adjustment (2.4% for 2012/2013)	78	41
Value of works outstanding at 30 June	3,331	3,442

NOTE 33 OPERATING LEASE COMMITMENTS

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	936	1,206
Later than one year and not later than five years	822	1,350
Later than five years	-	-
	1,758	2,556

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.

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	7,865	6,345
Later than one year and not later than five years	15,326	13,151
Later than five years	10,160	9,405
	33,351	28,901

NOTE 34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS	2013 \$'000	2012 \$'000
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CONTINGENT LIABILITIES

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. 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 additional contributions 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 2012/2013. 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 2012/2013. 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.

	2,500	1,200
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NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 35 FINANCIAL INSTRUMENTS

(A) ACCOUNTING POLICY, TERMS AND CONDITIONS

RECOGNISED FINANCIAL INSTRUMENTS	NOTE	ACCOUNTING POLICY	TERMS AND CONDITIONS
FINANCIAL ASSETS			
Cash and cash equivalent assets	17	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Bank bills with a maturity of less than three months are recognised as cash equivalents and are valued at cost.</p>	<p>On call deposits returned floating interest rates of between 2.75% and 5.00% in 2012/2013 (2011/2012: 3.65% and 4.65%). The interest rate at balance date was 2.75% (2011/2012: 5.40%).</p>
Financial assets	18	<p>Bank bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.</p>	<p>Bank Bills returned fixed interest rates of between 3.95% and 6.04% in 2012/2013 (2011/2012: 4.45% and 6.40%).</p>
Other debtors	19	<p>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.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and do not attract interest. Credit terms are based between 0 and 30 days depending on nature of service.</p>
FINANCIAL LIABILITIES			
Payables	22	<p>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.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.</p>
Interest-bearing loans and borrowings	25	<p>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.</p> <p>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.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings was fixed at 6.15% in 2012/2013 (6.15% in 2011/2012).</p> <p>As at balance date, the Council did not directly hold any finance leases other than through their interest in the Joint Venture Streetsahead.</p> <p>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 2012/2013 interest rates ranged from 5.76% to 10.65% (2011/2012: 5.76% to 13.62%).</p>
Trust Funds and deposits	23	<p>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.</p>	<p>Trust funds are unsecured, not subject to interest charges and vary in the timing of settlement in accordance with their specific terms.</p>

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

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:

	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	
2013						
Financial assets						
Cash and cash equivalents	8,490	29,064	-	-	34	37,588
Other financial assets	-	15,200	-	-	-	15,200
Receivables (excluding Rates, Parking and GST receivables)	-	-	-	-	3,624	3,624
Total financial assets	8,490	44,264	-	-	3,658	56,412
Weighted average interest rate	2.75%	4.15%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	24,380	24,380
Trust funds	-	-	-	-	2,698	2,698
Interest-bearing loans and borrowings including finance leases	-	1,100	750	-	-	1,850
Total financial liabilities	-	1,100	750	-	27,078	28,928
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	8,490	43,164	(750)	-	(23,420)	27,484

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

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:

	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	
2012						
Financial assets						
Cash and cash equivalents	9,623	10,765	-	-	45	20,433
Other financial assets	-	40,000	-	-	-	40,000
Receivables (excluding Rates, Parking and GST receivables)	-	-	-	-	2,899	2,899
Total financial assets	9,623	50,765	-	-	2,944	63,332
Weighted average interest rate	4.00%	5.03%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	24,020	24,020
Trust funds	-	-	-	-	2,303	2,303
Interest-bearing loans and borrowings including finance leases	-	917	1,525	-	-	2,442
Total financial liabilities	-	917	1,525	-	26,323	28,765
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	9,623	49,848	(1,525)	-	(23,379)	34,567

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

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:

FINANCIAL INSTRUMENTS	TOTAL CARRYING AMOUNT AS PER BALANCE SHEET		AGGREGATE NET FAIR VALUE	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Cash assets	37,588	20,433	37,588	20,433
Other financial assets	15,200	40,000	15,200	40,000
Receivables (excluding Rates, Parking and GST receivables)	3,624	2,899	3,624	2,899
Total financial assets	56,412	63,332	56,412	63,332
Financial liabilities				
Payables	24,380	24,020	24,380	24,020
Trust funds	2,698	2,303	2,698	2,303
Interest bearing loans and borrowings including finance leases	1,850	2,442	1,850	2,442
Total financial liabilities	28,928	28,765	28,928	28,765

(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

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. 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. Council 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 2013

NOTE 35 FINANCIAL INSTRUMENTS (continued)	2013 \$'000	2012 \$'000
(E) RISKS AND MITIGATION (continued)		
CREDIT RISK (continued)		
MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS - OTHER DEBTORS		
Balance at the beginning of the year	284	213
Provision movement during the year	(12)	(3)
Amounts already provided for and written off as uncollectable	265	74
Balance at end of year	537	284

AGEING OF TRADE AND OTHER RECEIVABLES (OTHER DEBTORS)

At balance date other debtors (including sundry debtors, and local law 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)	1,944	1,048
Past due by up to 30 days	386	136
Past due by up to 31 - 60 days	27	41
Past due by up to 61 - 90 days	7	70
Past due by up to 91 plus days	149	137
	2,513	1,432

Ageing of individually impaired Trade and Other Receivables (Other Debtors)

At balance date, other debtors representing financial assets with a nominal value of \$1,647,938.99 (2012: \$1,585,417) were impaired. The amount of the provision raised against these debtors was \$536,829.18 (2012: \$284,400). The individually impaired debtors relate to general and sundry debtors 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 of debtor balances(including sundry and child care debtors) that have been individually determined as impaired at reporting date was:

Current (not yet overdue)	750	686
Past due by up to 30 days	131	543
Past due by up to 31 - 60 days	88	77
Past due by up to 61 - 90 days	422	116
Past due by up to 91 plus days	257	289
	1,648	1,711

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 Councils 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

	0 - 12 MONTHS \$'000	1 - 2 YEARS \$'000	2 - 5 YEARS \$'000	> 5 YEARS \$'000	CONTRACTED CASH FLOWS \$'000	CARRYING AMOUNT \$'000
2013						
Trade and other payables	24,380	-	-	-	24,380	24,380
Trust funds and deposits	2,698	-	-	-	2,698	2,698
Interest bearing liabilities including finance leases	1,413	1,100	-	-	2,513	1,850
	28,491	1,100	-	-	29,591	28,928
2012						
Trade and other payables	24,020	-	-	-	24,020	24,020
Trust funds and deposits	2,303	-	-	-	2,303	2,303
Interest bearing liabilities including finance leases	1,280	1,664	-	-	2,944	2,442
	27,603	1,664	-	-	29,267	28,765

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

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 -0.75% and +0.25% in market interest rates (AUD) from weighted average year-end rates of 3.68% (2011/2012: 5.43%)

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.

	INTEREST RATE RISK				
	\$'000	-0.75%		+0.25%	
		-75 BASIS POINTS		+25 BASIS POINTS	
	PROFIT	EQUITY	PROFIT	EQUITY	
	\$'000	\$'000	\$'000	\$'000	

2013

Financial assets

Cash and cash equivalents	37,588	(282)	(282)	94	94
Financial assets	15,200	(114)	(114)	38	38
Receivables	3,624	-	-		

Financial liabilities

Payables	24,380	-	-	-	-
Trust funds	2,698	-	-	-	-
Interest bearing loans	1,850	-	-	-	-

	INTEREST RATE RISK				
	\$'000	-0.50%		+1%	
		-50 BASIS POINTS		+100 BASIS POINTS	
	PROFIT	EQUITY	PROFIT	EQUITY	
	\$'000	\$'000	\$'000	\$'000	

2012

Financial assets

Cash and cash equivalents	20,433	(102)	(102)	204	204
Financial assets	40,000	(200)	(200)	400	400
Receivables	2,899	-	-		

Financial liabilities

Payables	24,020	-	-	-	-
Trust funds	2,303	-	-	-	-
Interest bearing loans	2,442	-	-	-	-

(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 2013

NOTE 36 AUDITORS' REMUNERATION	2013 \$'000	2012 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	67	64
	67	64

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:

Chief Executive Officer

- Tracey Slatter (20th May 2013 to Current)
- Kay Rundle (1st July 2012 to 26th October 2012)
- Vanda Iaconese (Interim CEO 27th October 2012 to 19th May 2013)

Councillors

- Rachel Powning (Mayor to 27th October 2012)
- Amanda Stevens (Councillor from 30th October 2012; Mayor from 7th November 2012)
- Serge Thomann (Councillor)
- Jane Touzeau (Councillor)
- Vanessa Huxley (Councillor from 30th October 2012)
- Anita Horvath (Councillor from 30th October 2012)
- Andrew Bond (Councillor from 30th October 2012)
- Bernadene Voss (Councillor from 30th October 2012)
- Frank O'Connor (Councillor to 27th October 2012)
- Judith Klepner (Councillor to 27th October 2012)
- Janet Bolitho (Councillor to 27th October 2012)
- John Middleton (Councillor to 27th October 2012)

(B) REMUNERATION OF RESPONSIBLE PERSONS

	2013 NO.	2012 NO.
Annual remuneration of responsible persons were within the following bands:		
\$0 - \$9,999	4	-
\$20,000 - \$29,999	7	6
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	-
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	-
\$90,000 - \$99,999	-	1
\$260,000 - \$269,999	1	-
\$280,000 - \$289,999	1	-
\$320,000 - \$329,999	-	1
	15	8
	\$'000	\$'000
Total remuneration for the year for Responsible Persons included above amounted to	855	589

NOTE 37 RELATED PARTY TRANSACTIONS (continued)

(C) RETIREMENT BENEFITS FOR RESPONSIBLE PERSONS

No retirement benefits have been paid by the Council to a Responsible Person (2011/2012: 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 (2011/2012: 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 (2011/2012: 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 \$130,000. The number of Senior Officers, other than Responsible Persons, are shown below in their relevant income bands:

	2013 NO.	2012 NO.
Income Range:		
\$130,000 - \$139,999	3	5
\$140,000 - \$149,999	2	4
\$150,000 - \$159,999	7	6
\$160,000 - \$169,999	5	3
\$170,000 - \$179,999	2	-
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	2	-
\$230,000 - \$239,999	-	3
\$240,000 - \$249,999	3	1
\$270,000 - \$279,999	-	1
	25	24
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers	4,274	4,101

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.

NOTE 38 JOINT VENTURE INFORMATION

A) 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 andw 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 2013. As at the date of producing this report the Streetsahead accounts were awaiting audit clearance.

	2013 \$'000	2012 \$'000
Revenue from continuing operations	4,477	4,390
Expenses from continuing operations	4,511	4,630
Net (loss)/surplus from continuing operations	(34)	(240)
Income tax expense	-	-
(Loss)/surplus for the year	(34)	(240)

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 38 JOINT VENTURE INFORMATION (continued)	2013 \$'000	2012 \$'000
A) JOINT VENTURE – STREETS AHEAD CLEANING SERVICE (continued)		
Council's share of the joint venture assets and liabilities are as follows:		
ASSETS		
Current Assets		
Cash assets	1,059	1,219
Receivables	448	635
Other	7	17
Total Current Assets	1,514	1,871
Non-Current Assets		
Property, plant and equipment	1,317	1,326
Total Non-current Assets	1,317	1,326
Total Assets	2,831	3,197
LIABILITIES		
Current Liabilities		
Payables	204	525
Employee benefits	768	794
Interest bearing liabilities	468	323
Total Current Liabilities	1,440	1,642
Non-Current Liabilities		
Employee benefits	50	38
Interest bearing liabilities	750	892
Total Non-Current Liabilities	800	930
Total Liabilities	2,240	2,572
Net Assets	591	625
EQUITY		
Accumulated surplus	119	153
Joint Venture Equity	472	472
Total Equity	591	625

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 38 JOINT VENTURE INFORMATION (continued)	2012 \$'000	2011 \$'000
B) JOINT VENTURE -ALBERT PARK HOCKEY AND TENNIS CENTRE		
<p>In August 2013, Council's finance department became aware of a current joint venture agreement entered into with Wesley College in 1997 for the maintenance and operations of the Albert Park Hockey and Tennis Centre. The objective of the joint venture is to provide, manage and maintain a facility for use by sporting clubs and associations, schools and residents of Port Phillip and Wesley College for the playing of hockey and tennis.</p> <p>At balance date Council has been provided audited financial statements for the Albert Park Hockey and Tennis Centre as at 31 March 2012 and has recognised Council's 50% share of assets and liabilities in the 2012/2013 annual financial report for the first time. At the time of writing this report, the 31 March 2013 statements were being prepared for audit.</p> <p>Council's share of the joint venture assets and liabilities are as follows:</p>		
ASSETS		
Current Assets		
Cash and cash equivalents	159	134
Trade and other receivables	39	30
Other financial assets	206	200
Total Current Assets	403	364
Non-Current Assets		
Property, plant and equipment	232	254
Total Non-current Assets	232	254
Total Assets	635	618
LIABILITIES		
Current Liabilities		
Trade and other payables	44	21
Other current liabilities	98	85
Total Current Liabilities	142	106
Total Liabilities	142	106
Net Assets	493	512
EQUITY		
Total partners equity	405	405
Accumulated (losses)/profit	88	107
Total Equity	493	512

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		ENVIRONMENT AND PLANNING		CULTURAL & COMMUNITY DEVELOPMENT		CITY & INFRASTRUCTURE SERVICES		OTHER *NOT ATTRIBUTED		TOTAL	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
INCOME												
Grants	2,306	2,943	455	544	7,586	7,175	1,808	4,661	-	-	12,155	15,323
Other	9,117	4,811	42,565	35,267	10,424	8,745	9,714	9,282	93,413	87,679	165,233	145,784
Total Income	11,423	7,754	43,020	35,811	18,010	15,920	11,522	13,943	93,413	87,679	177,388	161,107
EXPENSES												
Net Surplus/ (Deficit) for the year	51,962	57,930	27,147	26,028	39,171	36,358	45,372	43,011	(1,800)	(2,055)	161,852	161,272
	(40,539)	(50,176)	15,873	9,783	(21,161)	(20,438)	(33,850)	(29,068)	95,213	89,734	15,536	(165)
Assets Attributed to function/activity	2,016,786	1,938,273	(21,591)	(19,540)	(1,172)	492	11,957	14,793	-	-	2,005,980	1,934,018

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

NOTE 39 INCOME, EXPENSES AND ASSETS BY FUNCTION/ACTIVITY (continued)

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 Support
- 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

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 2013

NOTE 40 FINANCIAL RATIOS	2013 \$'000	2012 \$'000	2011 \$'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.

<u>Debt servicing costs</u>	$\frac{171}{177,388} = 0.10\%$	$\frac{202}{161,107} = 0.13\%$	$\frac{228}{149,933} = 0.15\%$
Total revenue			

Council's debt servicing ratio has continued to decline as we continue to pay off borrowings, reducing the interest charges.

(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.

<u>Debt servicing & redemption costs</u>	$\frac{1,071}{95,213} = 1.12\%$	$\frac{1,009}{88,581} = 1.14\%$	$\frac{1,021}{82,354} = 1.24\%$
Rate revenue			

Council's debt commitment ratio has continued to decline as a result of the reduction in borrowings.

(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).

<u>Rate revenue</u>	$\frac{95,213}{177,388} = 53.67\%$	$\frac{88,583}{161,107} = 54.98\%$	$\frac{82,354}{149,933} = 54.93\%$
Total revenue			

Council's revenue ratio has marginally declined in 2013 as a result of increased revenue received from developer contributions.

(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 excluding trust funds and statutory reserves. 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.

<u>Total indebtedness</u>	$\frac{26,747}{560,487} = 1:20.96$	$\frac{28,115}{543,527} = 1:19.33$	$\frac{9,710}{522,623} = 1:53.82$
Total realisable assets			

Council's debt exposure ratio has remained consistent with the prior year.

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 40 FINANCIAL RATIOS

(continued)

	2013 \$'000	2012 \$'000	2011 \$'000
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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.

<u>Current assets</u>	<u>64,217</u>	<u>71,728</u>	<u>60,908</u>
Current liabilities	37,536	25,094	23,875
	= 1.71:1	= 2.86:1	= 2.55:1

Councils working capital ratio has declined as a result of the recognition of the current defined benefit superannuation liability in 2013

(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.

<u>Current assets</u>	<u>64,217</u>	<u>71,728</u>	<u>60,908</u>
Current liabilities	35,988	23,526	22,681
	= 1.78:1	= 3.05:1	= 2.69:1

Councils adjusted working capital ratio has declined as a result of the recognition of the current defined benefit superannuation liability in 2013

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 4I 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 \$10.649 million will be applied towards the cumulative capital works carry over of \$5.896 million and the balance of \$4.753 million will be used as a funding source for the 2013/2014 budget. This is consistent with the adopted budget that allowed for a net surplus after carry overs of \$4.414 million.

	2013 ACTUAL \$'000	2013 BUDGET \$'000	2012 ACTUAL \$'000	2012 BUDGET \$'000
INCOME				
Rates and garbage charges	95,213	94,530	88,581	88,438
Parking fees and fines	29,921	26,159	26,076	24,880
User charges, fees and fines	13,441	13,715	12,559	14,484
Statutory fees and fines	1,917	2,445	1,920	-
Grants - operating	10,755	9,783	11,119	13,125
Grants - capital	1,400	3,378	4,204	-
Contributions	12,058	1,200	3,552	1,200
Other income	3,442	2,010	2,630	8,613
Interest	2,177	2,120	3,054	1,809
Rent	7,064	7,157	7,412	-
Proceeds from sale of assets	-	-	-	1,300
Total Income	177,388	162,497	161,107	153,849
EXPENSES				
Employee benefits	64,138	64,984	71,479	59,258
Contract services	38,295	40,047	35,542	35,551
Materials and administration costs	25,976	17,861	22,125	21,504
Bad and doubtful debts	3,206	14	2,128	-
Depreciation	15,764	17,762	15,649	17,362
Professional services	5,294	5,256	4,873	5,486
Utility payments	2,855	2,826	2,674	2,532
Other expenses	3,682	4,412	4,164	-
Finance costs	171	401	202	206
Net loss on disposal of property, infrastructure, plant & equipment	2,471	-	2,436	-
Total Expenses	161,852	153,563	161,272	141,899
Surplus / (Deficit)	15,536	8,934	(165)	11,950

NOTES TO THE FINANCIAL REPORT for the year ended 30 June 2013

NOTE 41 INCOME STATEMENT

CONVERTED TO CASH (continued)

	2013 ACTUAL \$'000	2013 BUDGET \$'000	2012 ACTUAL \$'000	2012 BUDGET \$'000
Surplus / (Deficit)	15,536	8,934	(165)	11,950
RATE DETERMINATION ADJUSTMENTS				
Depreciation	15,764	17,762	15,649	17,362
Net loss on disposal of property, infrastructure, plant & equipment	2,471	-	2,436	-
Operating ex capital expenditure (WIP from prior year)	2,695	-	-	-
Non monetary contributed assets	(5,316)	-	(285)	-
St Kilda Triangle settlement	-	-	(1,500)	(1,500)
Proceeds from borrowings	-	2,500	-	5,000
Capital expenditure	(39,897)	(33,254)	(23,482)	(34,957)
Loan repayments	(595)	(952)	(559)	(559)
Net transfers (to)/from reserves	(281)	4,260	(1,051)	2,205
Brought forward surplus	20,272	750	18,082	809
Net rate determination surplus	10,649	-	9,125	310

NOTE 42 CAPITAL EXPENDITURE

	2013 \$'000	2012 \$'000
Roads, lanes, footpaths, kerb and channel and bridges	7,708	6,834
Drains	650	313
Buildings	20,688	11,295
Land improvements	6,314	1,500
Plant and equipment	857	1,272
Furniture and fittings	1,096	990
Heritage assets and works of art	32	122
Total capital works	37,345	22,326
Represented by:		
Renewal	7,323	8,641
Upgrade	1,472	7,565
Expansion	1,472	3,739
New assets	27,078	2,381
Total capital works	37,345	22,326

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	37,345	22,326
Asset revaluation movement (see Note 26(a))	55,926	5,796
Depreciation (see Note 13)	(15,764)	(15,649)
Written down value of assets disposed (see Note 16)	(2,483)	(2,436)
Contributed assets (see Note 7)	4,123	285
Joint venture assets consolidated (see Note 21)	296	417
Net movement in property, infrastructure, plant & equipment	79,443	10,739

NOTE 42 CAPITAL EXPENDITURE (continued)

(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.



Jennifer Blunt CPA

Principal Accounting Officer

Date: 5/9/2013

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 2013 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 27 August 2013 to certify the financial report in its final form on behalf of the Council.




Amanda Stevens

Mayor & Councillor

Date: 5/9/2013

St Kilda



Anita Horvath

Councillor

Date: 5/9/2013

St Kilda



Tracey Slatter

Chief Executive Officer

Date: 5/9/2013

St Kilda

STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

STANDARD INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
REVENUE					
Rates	94,530	95,213	683	0.7%	2.1
Parking revenue	26,159	26,980	821	3.1%	2.2
User fees and charges	16,160	15,358	(802)	(5.0%)	2.3
Open space contributions	1,200	12,058	10,858	904.8%	2.4
Grants- operating	9,783	10,755	972	9.9%	2.5
Grants- capital	3,378	1,400	(1,978)	(58.6%)	2.6
Interest received	2,120	2,177	57	2.7%	
Other income	13,285	12,011	(1,274)	(9.6%)	2.7
Profit on sale of assets	-	(2,471)	(2,471)	100.0%	2.8
Total Income	166,615	173,481	6,866		
EXPENSES					
Employee benefits	65,391	64,138	1,253	1.9%	2.9
Contract services	44,140	39,800	4,340	9.8%	2.10
Utilities	2,826	2,855	(29)	(1.0%)	
Materials and other expenses	21,617	29,923	(8,306)	(38.4%)	2.11
Professional services	5,544	5,294	250	4.5%	
Borrowing costs	401	171	230	57.4%	
Depreciation	17,762	15,764	1,998	11.2%	2.12
Total Expenses	157,681	157,945	(264)		
Surplus/(deficit)	8,934	15,536	6,602		

The accompanying notes form part of the standard income statement.

STANDARD BALANCE SHEET

AS AT 30 JUNE 2013

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
ASSETS					
Current assets					
Cash and cash equivalents	25,387	52,788	27,401	107.9%	3.1
Receivables	10,048	10,773	725	7.2%	
Accrued Income	937	551	(386)	(41.2%)	
Prepayments	106	105	(1)	(0.9%)	
Total current assets	36,478	64,217	27,739	76%	
Non-current assets					
Other financial assets	3,853	235	(3,618)	(93.9%)	3.1
Property, infrastructure, plant and equipment	1,895,161	1,941,528	46,367	2.4%	3.2
Total non-current assets	1,899,014	1,941,763	42,749	2%	
Total assets	1,935,492	2,005,980	70,488	3.6%	
LIABILITIES					
Current liabilities					
Payables	10,480	24,380	(13,900)	(132.6%)	3.3
Trust funds and deposits	2,825	2,698	127	4.5%	
Provisions	8,076	9,358	(1,282)	(15.9%)	3.4
Interest-bearing loans and borrowings	1,449	1,100	349	24.1%	3.5
Total current liabilities	22,830	37,536	(14,706)	(64%)	
Non-current liabilities					
Provisions	1,194	1,548	(354)	(29.6%)	3.4
Interest-bearing loans and borrowings	7,377	750	6,627	89.8%	3.5
Total non-current assets	8,571	2,298	6,273	73%	
Total liabilities	31,401	39,834	(8,433)	(27%)	
Net assets	1,904,091	1,966,146	62,055	3.3%	
EQUITY					
Accumulated surplus	589,632	582,690	(6,942)	(1.2%)	3.6
Asset revaluation reserve	1,293,048	1,354,770	61,722	4.8%	3.7
Other reserves	21,411	28,686	7,275	34.0%	3.8
Total equity	1,904,091	1,966,146	62,055	3.3%	

The accompanying notes form part of this standard balance sheet.

STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Rates and garbage charges	94,530	95,056	526	0.6%	4.1
Parking fees and fines	26,159	26,632	473	1.8%	
User charges and other fines	16,160	14,887	(1,273)	(7.9%)	4.2
Grants	13,161	12,409	(752)	(5.7%)	4.3
Contributions	1,200	7,935	6,735	561.3%	4.4
Interest	2,120	2,529	409	19.3%	
Other revenue	13,285	18,337	5,052	38.0%	4.5
	166,615	177,785	11,170	7%	
Payments					
Payments to suppliers	(44,140)	(42,418)	1,722	3.9%	4.6
Payments to employees	(65,391)	(64,055)	1,336	2.0%	4.7
Other payments	(29,987)	(40,523)	(10,536)	(35.1%)	4.8
	(139,518)	(146,996)	(7,478)	(5%)	
Net cash provided by operating activities	27,097	30,789	3,692	1%	
Cash flows from investing activities					
Payments from property, plant and equipment	(33,254)	(37,345)	(4,091)	(12.3%)	4.9
Proceeds for property, plant and equipment	-	12	12	100.0%	
Payments for investments	-	24,770	24,770	100.0%	4.10
Net cash used in investing activities	(33,254)	(12,563)	20,691	(62%)	
Cash flows from financing activities					
Finance costs	(401)	(171)	230	57.4%	
Proceeds from borrowings	2,500	-	(2,500)	100.0%	4.11
Repayment of borrowings	(952)	(900)	52	5.5%	
Net cash provided by (used in) financing activities	1,147	(1,071)	(2,218)	(193%)	
Net increase / (decrease) in cash & cash equivalents	(5,010)	17,155	22,165	442.4%	
Cash and cash equivalents at beginning of year	30,397	20,433	(9,964)	(32.8%)	
Cash and cash equivalents at end of year	25,387	37,588	12,201	48%	

The accompanying notes form part of this standard cash flow statement

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDING 30 JUNE 2013

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CAPITAL WORKS AREAS					
Roads	10,315	7,855	2,460	23.8%	5.1
Parks and open space	6,258	6,314	(56)	(0.9%)	
Buildings	12,975	20,688	(7,713)	(59.4%)	5.2
Signage and street furniture	695	503	192	27.6%	
	30,243	35,360	(5,117)	(16.9%)	
CAPITAL EXPENDITURE AREAS					
Plant & Equipment	3,011	1,985	1,026	34.1%	5.3
Total Capital	33,254	37,345	(4,091)	(12.3%)	
REPRESENTED BY:					
Asset renewal	12,610	7,323	5,287	41.9%	5.4
New assets- capital works	14,728	25,093	(10,365)	(70.4%)	5.5
Asset expansion/ upgrade	2,905	2,944	(39)	(1.3%)	
New assets - capital expenditure	3,011	1,985	1,026	34.1%	5.5
	33,254	37,345	(4,091)	(12.3%)	

RECONCILIATION OF NET MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

Capital works	30,243	35,360	5,117
Capital expenditure	3,011	1,985	(1,026)
Capital works carried forward	-	-	-
Total capital works	33,254	37,345	4,091
Asset revaluation increment	-	55,926	55,926
Depreciation and amortisation	(17,762)	(15,764)	1,998
Written down value of assets sold	-	(2,483)	(2,483)
Granted Assets	-	4,419	4,419
Recognition of previously unrecognised assets	-	-	-
Net movement in property, plant and equipment	15,492	79,443	63,951

The accompanying notes form part of this standard capital works statement

NOTES TO THE STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 BASIS OF PREPARATION OF THE 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 2012/2013 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 of \$500,000.

The budget figures included in the Standard Statements are those adopted by the Council on 26 June 2012. 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 2013

NOTE 2 EXPLANATION OF MATERIAL VARIANCES

REF.	ITEM	EXPLANATION
2.1	Rates	The favourable variance of \$683,000 is due to an additional \$570,000 of supplementary rate income and additional interest of \$110,000 on overdue rates.
2.2	Parking revenue	The favourable variance of \$821,000 is attributable to the following offsetting factors: <ul style="list-style-type: none"> - \$1.433 million greater than anticipated income from parking infringement notices - \$225,000 fewer cancellations of parking infringement notices - \$185,000 additional ticket machine income as a result of new parking machines across the city and improved machine uptime - this is partially offset by a \$1.019 million increase in the provision for PERIN doubtful debts due to the Department of Justice expunging warrants that have expired
2.3	User fees and charges	The unfavourable variance of \$802,000 is primarily due to reduced child care fees of \$528,000 for the Bubup Nairn Children's Centre (due to a delayed opening) and the value of kerbside permits being \$192,000 less than budgeted.
2.4	Open space contributions	The favourable variance of \$10.858 million is due to unbudgeted developer contributions received in relation to developments in the St Kilda Road area of \$2.028 million, Port Melbourne of \$1.221 million, South Melbourne \$1.739 million and St Kilda East of \$558,000. 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 \$4.123 million which were not accounted for when the budget was adopted in June 2012.
2.5	Grants - operating	The favourable variance of \$972,000 is due to the following: <ul style="list-style-type: none"> - \$290,000 of unbudgeted state government funding for sports services management - \$297,000 grant from Melbourne Water for Sustainability projects - Additional grant income received in the areas of Community Development \$104,000, Diversity & Ageing \$104,000, Family, Youth & Children \$113,000 and various other minor increases across the organisation.
2.6	Grants - capital	The unfavourable variance of \$1.978 million is attributable to delays in the receipt of funding for the Northport Pavillion redevelopment of \$1.950 million. Funding is contingent upon project milestones being met and delays with the project have led to this unfavourable variance.

STANDARD INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

NOTE 2 EXPLANATION OF MATERIAL VARIANCES (continued)

REF.	ITEM	EXPLANATION
2.7	Other income	The unfavourable variance of \$1.274 million is due to the following offsetting factors: - \$2.363 million less than budgeted contract income for the Streetsahead joint venture. This unfavourable variance is offset by favourable contract services expenditure - refer 2.10. - the receipt of unbudgeted insurance recoveries of \$1.054 million in relation to various legal cases
2.8	Profit on sale of assets	The unfavourable variance of \$2.471 million is due to the disposal of infrastructure assets which have been replaced and/or upgraded, including \$803,000 of buildings transferred to the Port Phillip Housing Trust. The disposal of these assets was not accounted for in the 2012/13 budget.
2.9	Employee benefits	The favourable variance of \$1.253 million is due to the following: - the inclusion of \$800,000 in the budget for Council's unfunded superranuation liability which was not utilised - \$205,000 underspend on the centralised maternity leave budget - \$460,000 favourable year end adjustment on the long service leave provision
2.10	Contract services	The favourable variance of \$4.340 million is due to the following: - \$2.539 million favourable for the Streetsahead joint venture which is a budget allocation issue. This favourable variance is offset by unfavourable contract income - refer 2.7. - \$444,000 less than anticipated expenditure on building maintenance services - \$494,000 favourable tipping costs due to the budget over providing for the price on carbon - \$178,000 less than anticipated expenditure on preventative drainage maintenance - staff relocation costs \$105,000 less than budgeted - under expenditure in various departments across the organisation including Informations Systems \$121,000, Family, Youth & Children \$140,000 and Diversity & Ageing \$110,000
2.11	Materials and Other expenses	The unfavourable variance of \$8.306 million relates to the reallocation of \$8.559 million from capital works and work in progress to operating expenditure.
2.12	Depreciation	The favourable variance of \$1.998 million is due to an extension of the useful lives for road seal assets that occurred in previous years and resulted in the budget being based on a higher historical depreciation base.

STANDARD BALANCE SHEET

AS AT 30 JUNE 2013

NOTE 3 EXPLANATION OF MATERIAL VARIANCES

REF.	ITEM	EXPLANATION
3.1	Cash and cash equivalents Other financial assets	The overall favourable variance in cash and non current financial assets of \$23.783 million is due to the following: - delays in expending the capital works program (\$5.896 million) - a deferral of capital works expenditure of \$9.767 million to future financial years to ensure funding of the payment of the defined benefits superannuation call of \$10.873 million which was paid on 1 July 2013 and - a favourable variance of \$7.275 million in council's cash backed other reserves compared to budget (see Note 3.8 below for details).
3.2	Property, infrastructure, plant and equipment	The increase of \$46.367 million is due to the following adjustments not accounted for when the budget was adopted in June 2012: - \$41.780 million being the land revaluation increment at 30 June 2013 - \$16.274 million being the roads, footpaths, street furniture and bridges revaluation increment at 30 June 2013 - (\$5.188) million being the buildings revaluation decrement at 30 June 2013 - \$3.060 million being the art and heritage revaluation increment at 30 June 2013 and - \$9.767 million deferred capital works expenditure to future financial years to ensure funding of the payment of the defined benefits superannuation call of \$10.873 million which was paid on 1 July 2013.
3.3	Payables - current	The overall unfavourable variance of \$13.900 million in current payables is primarily attributable to the unbudgeted defined benefit superannuation call which Council paid on 1 July 2013.
3.4	Provisions - current and non current	The overall increase of \$1.636 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 2012/13 budget was adopted.
3.5	Interest bearing liabilities - current and non current	The overall decrease of \$6.976 million is due to the inclusion of \$7.500 million of new borrowings in the 2012/13 budget which has been deferred to the 2013/14 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 2012/13 budget was adopted in June 2012.
3.6	Accumulated surplus	The unfavourable variance of \$6.942 million is due to an additional \$7.275 million being transferred from accumulated surplus to other reserves during the 2012/13 financial year which was not factored into the 2012/13 budget. See note 3.8 below for further information.
3.7	Asset revaluation reserves	The favourable variance of \$61.722 million is due to the following formal asset revaluations not being accounted for when the 2012/13 budget was adopted: - \$5.796 million being the land improvements revaluation undertaken in 2011/12 - \$41.780 million being the land revaluation increment in 2012/13 - \$16.274 million being the roads, footpaths, street furniture and bridges revaluation increment in 2012/13 - (\$5.188) million being the buildings revaluation decrement in 2012/13 and - \$3.060 million being the art and heritage revaluation increment in 2012/13.
3.8	Other reserves	The favourable increase of \$7.275 million is due to: - \$1.219 million unbudgeted early receipt of Victorian Grants Commission funding for 2013/14 - additional developer contributions of \$5.546 million received and transferred to reserve and - transfer of \$940,000 2013/14 grant funding to reserves

STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

NOTE 4 EXPLANATION OF MATERIAL VARIANCES

REF.	ITEM	EXPLANATION
4.1	Rates and garbage charges	The favourable variance of \$526,000 is primarily due to the receipt of an additional \$570,000 of supplementary rate income, which was not accounted for during the 2012/13 budget process.
4.2	User charges and other fines	The unfavourable variance of \$1.273 million is primarily attributable to a reduction in child care fees of \$528,000 as a result of the delayed opening of the Bubup Nairn Children's Centre, and the issuance of \$192,000 fewer than budgeted kerbside permits.
4.3	Grants	<p>The unfavourable variance of \$752,000 is primarily due to delays in progressing the Northport Pavilion redevelopment resulting in \$1.950 million of funding being deferred to the 2013/14 financial year.</p> <p>This unfavourable variance is offset by the following factors:</p> <ul style="list-style-type: none"> - receipt of \$290,000 for sports services management from the State government which was not accounted for in the 2012/13 budget - additional \$297,000 grant funding from Melbourne Water for sustainability projects - Additional grant income received in the areas of Community Development \$104,000, Diversity & Ageing \$104,000, Family, Youth & Children \$113,000 and various other minor increases across the organisation.
4.4	Contributions	<p>The favourable variance of \$6.735 million is due to the following factors:</p> <ul style="list-style-type: none"> - unbudgeted developer contributions received in relation to developments in the St Kilda Road area of \$2.028 million, Port Melbourne of \$1.221 million, South Melbourne \$1.739 million and St Kilda East of \$558,000.
4.5	Other revenue	The favourable variance of \$5.052 million is attributable to the budget not accounting for the receipt of GST refunds of \$7.133 million from the ATO when the 2012/2013 budget was adopted in June 2013. This has been offset by \$2.363 million less than budgeted contract income for the Streetsahead joint venture.
4.6	Payments to suppliers	<p>The favourable variance of \$1.722 million is due to a number of underspends in supplier payments, most notably:</p> <ul style="list-style-type: none"> - Streetsahead \$2.539 million which is offset by lower than budgeted contract income of \$2.363 million (see Note 4.5) - a favourable variance of \$3.227 million across a number of areas across Council including tipping fees, maintenance and infrastructure levy, cleaning costs, building maintenance, preventative drainage, Information Systems, Family Youth and Children and Diversity and Ageing. <p>These favourable variances are offset by GST payments of \$4.576 million which were not accounted for when the budget was adopted.</p>

STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

NOTE 4 EXPLANATION OF MATERIAL VARIANCES (continued)

REF.	ITEM	EXPLANATION
4.7	Payments to employees	The favourable variance of \$1.336 million is due to the following: - the inclusion of \$800,000 in the budget for Council's unfunded superannuation liability which was not utilised - \$205,000 underspend on the centralised maternity budget.
4.8	Other payments	The unfavourable variance of \$10.536 million is primarily due to the reallocation of \$8.406 million from capital works and work in progress to operating expenditure due, as well as the allocation of GST payments of \$2.966 million which was not accounted for when the budget was adopted.
4.9	Payments from property, plant and equipment	The over expenditure of \$4.091 million is attributable to increased expenditure on new assets, particularly Bubup Nairn Family and Children's Centre (\$2.080 million).
4.10	Payments for investments	The favourable variance of \$24.770 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.
4.11	Proceeds from borrowings	The favourable variance of \$2.500 million is due to the deferral of borrowings to the 2013/2014 financial year.

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDING 30 JUNE 2013

NOTE 5 EXPLANATION OF MATERIAL VARIANCES

REF.	ITEM	EXPLANATION
5.1	Roads	Net under expenditure of \$2.460 million is largely due to delays in expending against the phased budget for various projects including Port Melbourne DCP Rouse Street (\$388,600), all Walking Plan Projects (\$469,600), Bike path upgrades (\$845,000), and Beacon Cove Promenade and Car park works (\$300,000).
5.2	Buildings	Net over expenditure of \$7.713 million is largely due to over expenditure on the Bubup Nairm Family and Children's' Centre of \$8.472 million, due to delays in expending the budget in in prior years. This is offset by \$1.477 million under expenditure on the Northport Pavilion redevelopment Stage 2 project which is expected to be completed in 2013/14.
5.3	Plant and equipment	Net under expenditure of \$1.026 million is due to computer hardware purchases and projects not meeting budget expectations
5.4	Asset renewal	Under expenditure of \$5.287 million is largely due to the transfer of capital expenditure to operating expenditure due to its nature (eg landscaping, trees etc).
5.5	New Assets- capital works and capital expenditure	Net over expenditure of \$9.339 million is largely due to works on the Bubup Nairm Family and Children's Centre of \$8.472 million, and the Liardet Family and Children's Services Centre of \$2.603 million, which have been delayed in prior years, offset by under expenditure on IT capital (\$1.026 million).

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*.



Jennifer Blunt CPA

Principal Accounting Officer

Date: 5/9/2013

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 27 August 2013 to certify the standard statements in their final form on behalf of the Council.



Amanda Stevens

Mayor & Councillor

Date: 5/9/2013

St Kilda



Anita Horvath

Councillor

Date: 5/9/2013

St Kilda



Tracey Slatter

Chief Executive Officer

Date: 5/9/2013

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.
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.

GLOSSARY (CONT.)

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 data product 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.

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 2013 of the 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 2013 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 about whether the financial report and standard statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the City of Port Phillip as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.


Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the City of Port Phillip for the year ended 30 June 2013 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 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
11 September 2013


John Doyle
Auditor-General

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

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				
Percentage of year two actions commenced or completed	90%	Yes	92% actions completed	The team has commenced or completed 36 of 39 second year actions within the 2012/2013 financial year
Total number of visits to Council website in financial year	5% increase on result for 2011/12 year	Yes	16.92% increase	Total hits to website in 2011/12: 2,120,239 Total hits to website in 2012/13: 2,478,915 Increase of: 358,676
Community satisfaction with Council's engagement with the community in decision making on key local issues	75% neutral, agree or strongly agree	Yes	75% Strongly agree / Agree / Neutral	We have maintained our communities satisfaction levels with our engagement practices.
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	\$50,000 +/- 10%	No	\$27,200	The appointment of the company employed to oversee the program through the tendering process delivered a significant saving for the cost of this part of the program. Payments associated with one of the incomplete milestones have not been processed.
Percentage of project milestones completed on time	90%	No	57%	4 out of 7 milestones were achieved. Delays with Milestone 5 – Audit and Implementation reports presented to participants, resulted in two further milestones not achieved: Milestone 6 – Record of audit implementation; and Milestone 7– Program Evaluation report presented to participants and Council.
Number of participating apartment blocks	12	Yes	15	Target achieved - 15 apartment blocks participating
Percentage of participants that report an improvement in their capacity to respond to climate change	70%	No	0%	Delays in the completion of reports for the participating apartment blocks has delayed the final milestone of evaluation. Results for this indicator will be completed by August.

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

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

INDICATOR	TARGET	ACHIEVEMENT	RESULT	COMMENTS
KEY STRATEGIC ACTIVITY: Complete the construction of the Liardet Street Family and 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	\$3.3M +/- 10%	No	\$3.95M	Budget for 12/13 was \$4.8M (inclusive of rollover, adjusted to \$1.5M at year end) with actual expenditure \$3.95M. The project is due for completion 13/14 within the total budget allocation.
Percentage of key construction milestones met	80%	Yes	80%	Bulk excavation was delayed by one month due to latent condition 'asbestos in soil'. Program has made up time throughout the year, however latent condition in first key milestone resulted in subsequent milestones not being completed as planned. 80% of milestones were completed within the time allocated for those direct milestones (4 out of 5)
Child Care Centre Capacity	Capacity of 135 childcare places	No	0	Construction was delayed due to Heritage Victoria appeals
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	\$600,000 +/- 10%	Yes	\$606,200	Target achieved
Percentage of intended streets planted	95%	No	47%	25 out of 53 streets for year 3 were completed from the original scheduled program (2010). Streets were not completed for the following reasons: 1. Reduced funding (\$150,000) - original budget in Greening Strategy was \$750k. 2. Phasing delays due to additional design and community consultation requirements 3. Completion of priority carry over projects from years 1 and 2 of the program. (Part of year 3 program deferred)
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"				
Number of trees planted	1000	Yes	1266 (plus 1030 tube stock)	622 trees within 42 street renewals. 644 infill planting across the municipality. 1030 tube stock trees were planted across Natural Heritage Areas
Increase in the overall number of trees	600	Yes	1170	1266 trees planted and 96 trees were removed

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

NOTES TO THE PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

DEFINITION AND DESCRIPTION OF KEY STRATEGIC ACTIVITY INDICATORS

The Key Strategic Activities (KSAs) undertaken during the 2012/13 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 and engagement strategy	Percentage of year two actions commenced or completed	The number of year two actions commenced or completed compared to the number of year two actions identified in the Communications & Engagement Strategy and represented as a percentage	Communications & Engagement Strategy
	Total number of visits to Council website in financial year	The level of activity from Council's main website and Library and Heritage websites	Analytics for both Council's main website and library & heritage websites.
	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	Council's quarterly community satisfaction survey (fourth Quarter result)
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.	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	Council records, 'SOCs & Blocks' 2012-13 Project Timeline
	Number of participating apartment blocks	Participating apartment blocks will be identified prior to the commencement of the 2012/13 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.

NOTES TO THE PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

KEY STRATEGIC ACTIVITY	INDICATOR	MEASURE	SOURCE OF DATA
Complete the construction of the Liardet Street Family and 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.	Financial Reports (includes \$1.95M rollover from 2011/12)
	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	Council records
	Child Care Centre Capacity	The actual number of child care places at the centre filled at 30 June 2013	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.	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	Intended streets are listed in Greening Port Phillip Strategy.
	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 2012 to 30 June 2013	Council records

CERTIFICATION OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2012/2013 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 2012/2013 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 27 August 2013 to certify the Performance Statement in its final form on behalf of the Council.



Amanda Stevens
Mayor & Councillor

Date: 5/19/2013
St Kilda



Anita Horvath
Councillor

Date: 5/19/2013
St Kilda



Tracey Slatter
Chief Executive Officer

Date: 5/9/2013
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 2013 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* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

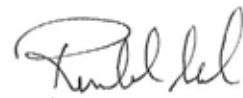
Auditor's Opinion

In my opinion, the performance statement of the City of Port Phillip in respect of the 30 June 2013 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 2013 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 audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
11 September 2013


John Doyle
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
for your language and an interpreter will be available.

Cantonese 9679 9810

若要用廣東話與菲利浦港市政府官員通話，請致電

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