



City of Port Phillip
**ANNUAL
REPORT**

2015/16





The City of Port Phillip respectfully acknowledges the Yalukut 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.





ANNUAL REPORT

2015/16

Our vision for the City of Port Phillip

**Engaged, healthy,
resilient and vibrant**

Who is this report for?

We have designed this report for a broad audience that reflects the great diversity of our constituents, including members of our community, our ratepayers, local businesses, interested stakeholders, government agencies and departments.

As part of our environmental commitment to reducing paper use, we encourage you to read this report online at www.portphillip.vic.gov.au

If you prefer a printed version, copies are available for review at our town halls and libraries. Alternatively, please contact Council via phone or email. Contact details are provided on the inside back cover.

Feedback

We are committed to improving our annual reporting and would welcome your feedback. Contact details for feedback are provided on the inside back cover.

Why this report is different

Council is committed to transparent reporting on our performance and activities. This year's Annual Report includes our reporting against a standard set of performance indicators across local government as required by recent changes to the *Local Government Act 1989*.



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Welcome and year in review



Port Phillip Mussel Festival at South Melbourne Market

Mayor and CEO welcome

It is our pleasure to present the activities and performance of the Port Phillip City Council for the past year.

We respectfully acknowledge the Yalukit Wilam Clan of the Boon Wurrung, and we pay our respects to their Elders, both past and present. We acknowledge and uphold their continuing relationship to this land.

Delivering the Council Plan

The Council Plan 2013-17 sets out our vision for a healthy, engaged, resilient and vibrant City. In 2015/16, we completed 100 per cent of the key actions and achieved 85 per cent of the associated service performance targets for the community.

Delivering high quality services

We have continued to provide a high level of service for residents, businesses and visitors. Within the constraints of a rate-capping environment for all Victorian councils, we have focused on delivering services more efficiently and effectively, which will in turn provide better value to our community.

Here are some key service delivery highlights for 2015/16:

- **Waste collection** - Our teams collected over 2 million waste bins and 1.8 million recycling bins, made 15,600 hard and green waste collections.
- **Public space** - In all, 177 hectares of reserves and gardens were maintained along with 270 kilometres of roads, and we planted approximately 1,500 street trees.
- **Community support** - Council's multidisciplinary teams combined to provide approximately 72,000 hours of domestic, personal, respite and home maintenance services to residents in need, and delivered over 31,000 meals to homes.
- **Maternal and child health** - Our maternal and child health nurses visited 1,415 parents and newborns for first home visits.
- **Animal management** - A total of approximately 8,300 animals were registered by Council.
- **Library services** - Our library staff supported over 670,000 library visits and made 748,524 loans across our five branches.



City of Port Phillip Mayor
Cr Bernadene Voss

Managing for future growth

Our City is preparing for the challenge of future growth, particularly in Fishermans Bend, which will be home to approximately 80,000 residents and 60,000 workers by 2050. Our submission to the Victorian Government's Fishermans Bend Recast Vision reflects our key priorities for the area. The priorities are transport connections, early infrastructure delivery, quality design and sustainability targets to set the benchmark for a diverse, family friendly environment. Our submission to the Australian Government's Smart Cities Plan will help raise the profile of Fishermans Bend and the community's need for public funding and finance solutions that deliver major transformational infrastructure projects.

We have collaborated successfully with the Victorian Government to jointly purchase land for a much needed park proposed for the Montague Precinct. Engagement with the community started on the Ferrars Street Education and Community Precinct, located within the Montague precinct. The precinct will be home to a new vertical primary school with integrated community facilities, including multipurpose sports courts, maternal and child health services and an early learning centre.

Earlier this year, we launched Council's affordable housing strategy '*In Our Backyard - Growing Affordable Housing in Port Phillip 2015 - 2025*'.

It confirms our commitment to supporting the more vulnerable members of our community and ensures local housing needs are better met in a high growth, inner-city environment.

We have continued to support creation of great new places and enhancing our unique neighbourhoods across the municipality. We have done this by focusing on quality urban planning and design, and supporting our local villages through activation works and our Small Poppy Village Grants program.



City of Port Phillip
CEO Tracey Slatter
addressing an audience
at the St Kilda Town
Hall Auditorium

Mayor and CEO welcome

Delivering key asset improvements

We have continued to improve key assets and delivered a program of community infrastructure renewals across the City.

Under a funding agreement with the Victorian Government we commenced repairs to the Palais Theatre. A tender process carried out during the year resulted in the appointment of a new operator and long term lease, which will come into effect in 2017.

Construction on the new St Kilda Life Saving Club commenced, and is expected to be complete in time for the upcoming patrol season to enable our community to participate in healthy and safe beach activity over summer. Completion of the Alma Park Pavilion redevelopment provides improved facilities for a growing number of sports and community groups in the area, and supports greater female participation in sport.

The Middle Park Community Centre was upgraded to improve building accessibility to the Middle Park branch and toy libraries, and increase service provision for new maternal and child health services to local families. We also upgraded the Fishermans Bend Community Centre, delivering new kitchen and office spaces as well as an improved community garden.

Following public consultation in partnership with PTV and Yarra Trams on the Route 96 Upgrade project, we embarked on our own community consultation to create the Acland Street Streetscape Framework Plan. This plan incorporates an accessible tram terminus with a new public plaza for performers and pop-ups, and alfresco dining areas.

We completed the St Kilda Triangle Masterplan, which was developed through a co-design process with community, industry and government stakeholders.

A streetscape upgrade was completed on Fitzroy Street and 11 street art projects were delivered across the City, as part of the Vibrant Villages program, and we completed work to improve intersection design and pedestrian safety on Wellington Street.

Sand was replaced at Middle Park Beach to reduce erosion and increase the width of the beach, to improve recreational use for the whole community. A foreshore shower and exercise station was installed to support people being active and healthy.

As part of the ARTcontained program at the Port Melbourne waterfront, artists and students from Melbourne based institutions, including the Australian Academy of Design and Multicultural Arts Victoria, transformed six shipping containers into a series of artworks. In March the containers were transformed into a workshop for the Port Phillip Men's Shed Association, to create oversized letterboxes to be used as book swapping hubs or 'Little Free Libraries'.

Delivering better value and outcomes to our community

While proud of our achievements over the year, we cannot rest on our laurels, and are committed to delivering better value-for-money services for our community. To reach this goal, we carried out a multifaceted approach:

- We significantly improved our customer service interactions and processes, reducing combined yearly wait time by about 19,000 days, or the equivalent of 10 minutes, for every Port Phillip resident.
- We continued our Productivity and Efficiency Savings program and delivered \$1.1 million in capital savings and over \$3 million in operating savings.
- Surplus assets not providing a critical community service were sold, with some of this revenue reprioritised to restore the Palais Theatre. The bulk of the revenue will be held in reserves for future asset acquisition that provides greater strategic value for the community.
- A 'Best and Final Offer' approach was introduced as part of our contract and procurement processes, resulting in projected savings of \$1.25 million delivered across several tendered services.

Supporting these initiatives and many more is our commitment to strengthening our organisational culture through our People and Culture Strategy. The strategy continues to support and enhance our Community First mindset, to ensure the community continues to receive the best possible services, projects and outcomes.

Due to our continuous improvement work and our focus on delivering more for the community, we were recognised by the Institute of Public Administration Australia as a finalist in the IPAA Victoria Leadership in the Public Sector awards.

We look forward to continuing our great track record of delivering great community outcomes for Port Phillip in the final year of the Council Plan 2013-17.



Cr Bernadene Voss

Mayor
City of Port Phillip



Tracey Slatter

CEO
City of Port Phillip

Year in review

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July

Endorsed the St Kilda Festival Operational Plan 2016 - 2018 to work with businesses and community to plan for additional events activating local sites

Celebrated NAIDOC week with flag raising and smoking ceremony at the St Kilda Town Hall

August

A funding agreement was reached between the City of Port Phillip and the Victorian Government to deliver the jointly funded Palais Theatre restoration works

ARTcontained launched as part of our Vibrant Villages program to bring activity to Station Pier, with artists transforming six shipping containers into a series of artworks throughout the year

In Albert Park we unveiled the first major memorial dedicated to the Australian nurses and soldiers who served in World War One on the Greek Island of Lemnos

September

Planted more than 14,000 plants from 50 different species across our City

Middle Park Community Centre upgraded to improve building accessibility and cater for new maternal and child health services

Construction contract awarded for the St Kilda Life Saving Club redevelopment, with demolition starting in October 2015. Construction completion expected in October 2016

October

Endorsed the Acland Street Streetscape Framework Plan following public consultation in partnership with PTV and Yarra Trams. The plan incorporates vibrant public spaces, alfresco dining areas and an accessible tram terminus

Hosted good governance training for local businesses, outlining best practice for making and implementing decisions, monitoring performance and risk management

St Kilda Library celebrated National Week of Deaf People, holding storytime with an Auslan interpreter and giving more families the opportunity to take part

Celebrated Mental Health Week with the annual Seniors' Week Community Ball with dinner and dancing for 180 residents who may be experiencing disadvantage or isolation

Youth in Chambers rounded out the City of Port Phillip's student leadership program for the year with over 100 attendees celebrating the students' achievements on their community projects

November

Completed upgrade works on Fitzroy Street to install new paving, palm trees and public artwork

Advocated for the prevention of family violence through Council endorsement of our Commitment Statement on Family Violence

Supported the global People's Climate March to highlight the urgent need for global action in addressing climate change

December

Agreed to renew the South Melbourne Town Hall lease to the Australian National Academy of Music (ANAM). ANAM will continue to provide free or discounted performances and events as part of the lease

Supported Garden City in celebrating the 70th anniversary of its post office and Ripponlea in celebrating its centenary with street performers, children's entertainment, music, food and rides

2016

January

Community wait time saved by providing parking permits on the spot when residents apply in person at our town halls

Jointly purchased land for a new park in the Montague precinct of Fishermans Bend, in partnership with the Victorian Government

South Melbourne Market's ten week twilight market started, offering visitors a range of stalls, food, bars and bands to keep everyone entertained

Our annual Australia Day celebrations welcomed 85 new citizens from 29 countries to Port Phillip

Council raised the Rainbow Flag at all three town halls to celebrate the iconic Pride March in conjunction with the opening of the Midsumma festival, which celebrates the diversity and pride of Victoria's lesbian, gay, transsexual, and intersex community

February

St Kilda Festival kicked off with free Indigenous arts and music, 'Live N Local' events and Festival Sunday, attracting over 450,000 people

Commenced development of design options for the upgrade of the J L Murphy Reserve pavilion

Celebrated Chinese New Year at the South Melbourne Market with traditional Chinese Lion Dancers welcoming in the Year of the Monkey

March

Started works to improve intersection design and pedestrian safety on Wellington Street, which were completed in July 2016

Adopted the St Kilda Triangle Masterplan, informed by co-design workshops with community, businesses and government stakeholders

Supported nearly 3,000 students across 13 local schools to participate in Ride2School Day, improving the health and wellbeing of students, and reducing congestion on our roads. Local schools took out five of the six school awards on offer

April

Critical maintenance and refurbishment works for the iconic Palais Theatre began with repairs to the external facade and electrical upgrades

Opened the new Alma Park Pavilion, which provides facilities for a growing number of sports and community groups in the area

Fishermans Bend Community Centre upgraded with new kitchen, office spaces and improved community garden

Council's affordable housing strategy adopted to support the growth and supply of affordable housing in Port Phillip

Council's online services improved so website visitors can apply for permits, book waste collections, and make payments using mobile devices

Organised 33 free events as part of the Premier's Active April for people of all fitness levels to take part in and enjoy

Produced a brochure in consultation with the Boon Wurrung Foundation to further educate schools, libraries, tourist hubs and the EcoCentre on the Bay's First Peoples

May

Endorsed the South Melbourne Life Saving Club concept design to provide a modern and fit-for-purpose facility

Worked with the Boon Wurrung Foundation to create a series of ten signs that form a self-guided tour of Port Phillip and provide information on significant Aboriginal landmarks across the City

Australian short films celebrated at the St Kilda Film Festival

June

Council endorsed the revised Council Plan 2013-17 and Budget 2016/17, which reflects the priorities of our community and is informed by extensive community engagement

Victorian Government launched the new Ferrars Street education and community precinct with Council funding community facilities within the new school building

Began community consultation for the concept design of the Peanut Farm Reserve pavilion to increase opportunities for female sport participation

Community consultation began on proposed traffic options to improve Queens Lane

In 2015/16 the Port Phillip Library Service delivered 251 storytime sessions across our five branches with around 24,000 local children and families

Our performance at a glance

This is a snapshot of our performance for the year ending 30 June 2016.
Please refer to **Chapter 3 Our performance** for more detailed information.

Delivering on the Council Plan

In 2015/16 we focused our performance on delivering the four areas of our Council Plan:

Engaged

A well governed City

Resilient

A strong, innovative and adaptive City

Healthy

A healthy, creative and inclusive City

Vibrant

A liveable and connected City

Overall performance results

85%

**Council Plan measures
which have met targets**
(29 out of 34 measures)

100%

**Council Plan actions
which are on track**
(90 actions)

Our performance highlights

Here are some highlights of what we achieved this year.

Engaged

Extensive community engagement on the Council Plan and Budget

A range of engagement activities were carried out including five pop-up community consultation sessions, two open house expo sessions and attendance at various community group meetings, to maximise opportunities for community participation. These were supported by online feedback and email communications. We gathered over 1,000 pieces of feedback to inform the Council Plan and Budget, which reflects the priorities of our community.

Using interactive technology to inform and engage the community

Council made it easier and quicker for members of the community to keep up to date with Council meeting agendas by emailing our Council Meetings team helpstat@portphillip.vic.gov.au

Informing the community about how their rates are used

We distributed new information to residents outlining how the Council would allocate rates revenue to deliver a range of services, facilities and infrastructure for the Port Phillip community in 2016/17.

Accessibility and usability

The City of Port Phillip website was improved through the introduction of ReadSpeaker, a built-in text-to-speech tool that aids users with vision impairments, cognitive difficulties and those with English as a second language.

Supporting active and informed communities

Council supported 111 community events throughout the 2015/16 financial year, saving community groups \$100,000. Council support has led to increased confidence and ability in community groups to produce more quality events each year.

Partnering with stakeholders

Four community organisations received one-on-one mentoring through a partnership between the City of Port Phillip and Toyota Australia, helping build capacity within local community organisations and support business planning, communications and organisational sustainability.

Financial sustainability

The City of Port Phillip 10 Year Financial Plan 2016-26 was adopted in November 2015 to support Council to achieve financial sustainability, particularly in the face of the significant challenge posed by the introduction of rates capping.

Employer of choice

The City of Port Phillip's e-recruitment system was launched, streamlining and modernising our recruitment processes and enhancing a candidate's experience by automating several steps in this new online application process.

Our performance at a glance

Healthy

Growing affordable housing in our City

Council adopted 'In our Backyard - Growing Affordable Housing in Port Phillip 2015-2025'. This is our plan to address housing affordability in the City of Port Phillip. It is a plan that reflects Council's long standing leadership in affordable housing and our commitment to maintaining a diverse, inclusive and equitable City, especially for those who are disadvantaged and marginalised. Going forward, Council will continue to make a significant commitment estimated at \$30 million over the next ten years.

Redeveloping the St Kilda Life Saving Club

Construction work commenced in October 2015 to deliver a modern new St Kilda Life Saving Club, enabling participation in healthy and safe beach activity. The new clubhouse includes new public toilets and a fully accessible Changing Places facility to meet the needs of people with a disability and their carers.

More accurate reflection of our local community

Improving the quality of our data collection has led to a more accurate reflection of local Aboriginal and Torres Strait Islander (ATSI) families participating in our maternal and child health service. Better data recording has enabled us to ensure that ATSI children are accurately identified, up 18 percentage points compared to last year. To improve our service we have also set up a missed visit report and we send electronic text reminders before appointments which enables us to check in with and support more families to attend timely key age and stage visits.

Home and community care

Arming ten support workers with mobile apps to manage daily scheduling saved 140 community wait days. The app has also reduced the amount of staff time spent managing paperwork.

Partnering with local councils for youth directory

The City of Port Phillip partnered with Bayside, Kingston, Glen Eira and Stonnington councils to fund an online 'Child and Youth Directory', which aims to improve community members, schools and organisations' awareness of services and increase opportunities for people to find the services they need. Visit the Child and Youth Directory at www.childandyouthdirectory.com.au

Engaging young people

Council's Arts team partnered with the Police Citizens Youth Club (PCYC), Victoria Police and Youth Services to design a series of murals by young people. The initiative aimed to prevent tagging, and promote positive use of artistic skills and positive interaction with the police.

Faster and better internet access at our libraries

An internet upgrade in our libraries resulted in more stable connections and faster speeds. Up to 120 users at a time are accessing the public network across all five library branches. Wifi capacity has increased at all libraries from a single shared 8MB connection to up to 100MB at the South Melbourne and St Kilda libraries.

Resilient

Deliver best value services

In 2015/16 increased inspections and performance monitoring of the kerbside bin collection contract resulted in fewer missed bins and fewer community requests about the service.

Minimise waste through recycling

Council delivered 131 less tonnes of waste to landfill by recycling 4,800 mattresses. The mattresses are recycled by Geelong Disabled People's Industries, a not-for-profit organisation that offers long term supported employment to people with a disability.

Reverse Vending Machine

We encouraged recycling through the 'Reverse Vending Machine' at St Kilda Festival, funded through a Keep Australia Beautiful grant. The 'Reverse Vending Machine' encourages recycling by providing a reward for each aluminium can or plastic drink bottle deposited.

Reducing greenhouse gas emissions

Construction of the St Kilda Town Hall solar array commenced and will be one of the largest government solar panel installations in Victoria. Council also provided advice and support for the bulk purchase of solar systems to be installed on 300 buildings across the City.

Converting waste into fertiliser

South Melbourne Market trialled a recycling unit that creates fertiliser from food waste as diverse as fish offal, green waste, ground coffee and plate scraps, reducing raw waste products by 90 per cent. The market will permanently install a 1,200 kg capacity recycle machine that converts raw organic material into certified fertiliser, diverting approximately 360 tonnes of organic waste plus approximately nine tonnes of coffee annually. Other by-products include 288,000 litres per year of recycled water for bin cleaning and other uses, and a reduction of 529 tonnes of Council greenhouse gas emissions.

Supporting a network of community groups

Our popular and free quarterly Sustainability Community Action Network (SCAN) workshops covered a variety of sustainability topics and encouraged residents to reduce waste, consider their energy use and improve natural heritage. Of the 337 attendees during the year, 79 per cent reported taking action as a result of their involvement.

Community education

We supported the Port Phillip EcoCentre's tours, school and volunteer programs, and community events. These activities encourage greater connection between community members and the local environment.

Our performance at a glance

Vibrant

Managing future growth

In partnership with the Victorian Government, Council jointly purchased land for a new park in the Montague precinct of Fishermans Bend. Engagement with the community started on the Ferrars Street Education and Community Precinct, located within the Montague precinct. The precinct will be home to a new vertical primary school with community facilities, including multipurpose sports courts, maternal and child health services and an early learning centre.

Securing the long term lease for the Palais Theatre

A robust tender process was carried out during the year with a long term tenant appointed in July 2016. The new lease will come into effect in 2017, following the completion of the repair and restoration works which started in June.

Finalising the St Kilda Triangle Masterplan

Several co-design workshops with community, business and government stakeholders informed the development of a St Kilda Triangle Masterplan, for this iconic seaside site.

Foreshore regeneration

Sand was replaced at Middle Park Beach to reduce erosion and increase the width of the beach to improve recreational use for the whole community. A foreshore shower and exercise station was installed to support people being active and healthy.

Activating local villages

Our Vibrant Villages program delivered a number of initiatives around our City's villages to support prosperous, attractive and welcoming places. Council:

- partnered with Public Transport Victoria and Yarra Trams to gather community input on development of an Acland Street Streetscape Framework Plan. This plan was endorsed in December and it integrates an accessible tram terminus into the street and supports local shopping and dining
- installed new paving, palm trees and public artwork on Fitzroy Street, St Kilda
- consulted with the community and installed temporary signage in November to help people discover more about Emerald Hill on foot
- installed distance markers along the foreshore from St Kilda to Station Pier to encourage increased activity.

Remediating Gasworks Arts Park

A Memorandum of Understanding was signed between the City of Port Phillip and the Department of Treasury and Finance, who have agreed to clean up the contaminated soil at Gasworks Arts Park. Assessments were conducted to inform the Contamination Management Action Plan for the site.

What you got for \$100

We delivered a broad range of services to our diverse community of residents, traders, business owners and visitors. This list shows how rates revenue was spent across services, for every \$100 spent in 2015/16.

Arts and festivals	\$3.63
Community care, ageing, access and disability services	\$2.10
Community development	\$1.20
Customer service, community engagement and consultation	\$2.82
Economic development and tourism	\$0.16
Environmental sustainability	\$1.48
Family, youth and children's services	\$3.87
Financial management	\$2.88
Governance	\$1.57
Libraries	\$2.34
Managing and maintaining assets (roads, buildings, footpaths)	\$11.10
Organisational support and systems	\$11.45
Parks, foreshore and open space	\$9.41
People, culture and learning	\$1.36
Planning and building services	\$0.74
Precinct planning for the future (including Fishermans Bend)	\$4.11
Public health and animal management	\$1.82
Upgrading and growing the City's assets	\$26.15
Street and beach cleaning	\$3.41
Transport planning, projects and parking management	\$2.06
Waste management	\$6.35
Total	\$100.00

Note: some services received substantial funding from other sources such as government grants and user charges.

Financial performance summary

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Financial report

In 2015/16, Council maintained services and infrastructure as well as delivered on priority projects and service improvements valued by our community. In doing so it has continued its commitment to continuous improvement, efficiency and keeping rates affordable.

We have delivered a strong financial result with all of our key financial metrics being within the Local Government Performance Reporting Framework target ranges. While two measures (working capital and unrestricted cash) have increased by greater than the threshold set for this year's performance report, in both instances the result is favourable. Some of the key financial highlights include:

- cash surplus of \$388,000
- positive underlying result of \$1.5 million
- an investment portfolio of \$61 million
- low levels of debt (8 per cent of rates revenue)
- a healthy working capital ratio of 243.2 per cent or 215 per cent when adjusted for abnormal items
- permanent ongoing efficiency savings of over \$3 million (taking the total to over \$5 million over the past two years).

Through prudent financial management and our commitment to efficiency, we have constrained operating cost growth to 2.4 per cent. This is less than the combined impact of inflation and ratepayer growth on service costs.

It has enabled us to provide funding for the renewal of the iconic Palais Theatre as well as to deal with the loss of adventure playground funding from the Commonwealth Government and the impact of the congestion levy introduced by the State Government within the rates increase of 4.75 per cent.

Council has sold property assets during the year that were not required for service delivery and not providing value to ratepayers. Settlement will occur in the first quarter of 2016/17 and the funds (over \$3 million) will be used for future strategic property acquisition and development.

Calculation of cash surplus

As part of our financial strategy, the principal budget document used by Council to monitor its financial performance is the Income Statement Converted to Cash. The cumulative surplus of \$2.622 million will be used as a funding source for service and project delivery in 2016/17.

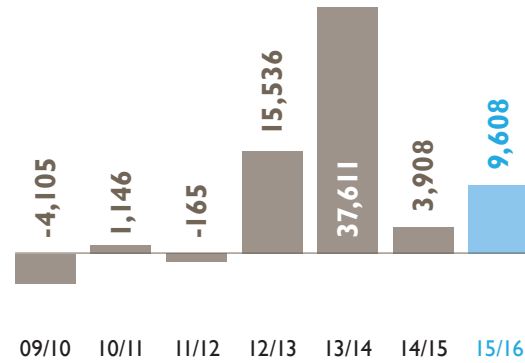
	2016 Actual \$'000
Operating surplus / (deficit)	9,608
Depreciation	21,663
Written down value of disposed property, infrastructure, plant and equipment	3,345
Expenses reclassified as operating from Capital Works in Progress from prior year	663
Non-monetary contributed assets	(17)
Share of net losses of associated and joint ventures	26
Capital expenditure	(32,080)
Loan repayments	(662)
Net transfers from/ (to) reserves	(2,159)
Brought forward surplus	2,235
Net cumulative surplus	2,622

Net operating result

Achieving a net operating surplus is a key component of Council's long term financial strategy. It provides the capacity to renew our \$2.6 billion worth of community assets, meet debt repayment obligations, and manage the impact of financial risks materialising. Council's 2016 operating surplus of \$9.6 million represents a \$5.7 million increase on the 2015 result. Total revenue increased by \$10 million (5.4 per cent) whereas total expenditure growth was contained to \$4.4 million (2.4 per cent). Around \$3 million of total revenue growth is attributable to development contributions, which will be used to fund future infrastructure investments in response to population growth.

The volatile trends over the years are largely due to one off items. These include a \$42 million transfer of Beacon Cove assets from the Victorian Government (2014), the \$11 million defined benefit superannuation call (2012), and the \$5 million settlement for the St Kilda Triangle (2010). While Council will maintain its focus on efficiency, the introduction of rates capping is expected to result in a reduction in the net operating result in 2017.

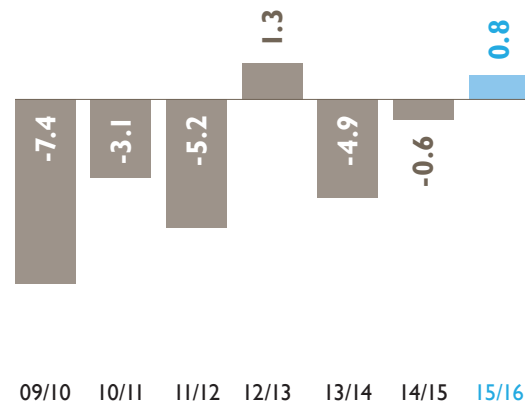
Net operating result (\$'000)



Underlying operating result

Council's underlying operating result in 2016 reflects a surplus of \$1.5 million compared to a deficit of \$1.14 million in 2015. This is largely due to lower levels of capital expenditure write offs being transferred to operating expenses (\$9.3 million versus \$4.4 million). Despite the introduction of rates capping, this result is expected to improve further in 2017 on the back of improved budgeting practices and a continued focus on efficiency savings.

Underlying operating result (%)

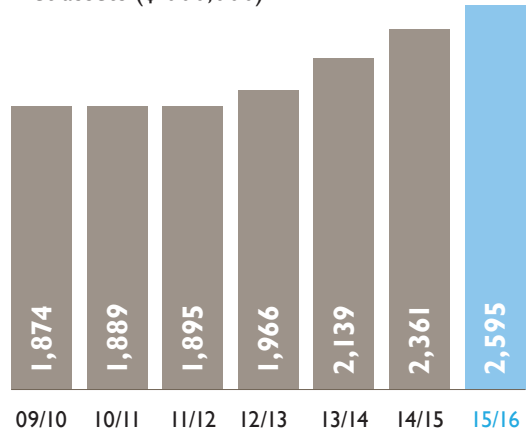


Financial performance summary

Net assets

Council has around \$2.6 billion in net assets. The main driver for changes in the value of Council's assets is the impact of asset revaluations, which take place over a rolling three year cycle - except for land, which is currently revalued annually due to significant increases in value. The main driver for the increase in 2015/16 was an increase in land values of \$212 million, a building valuation increase of \$9.4 million, arts and heritage asset valuation increase of \$2.7 million and an increase in fair value of roads, car parks and other infrastructure of \$876,000.

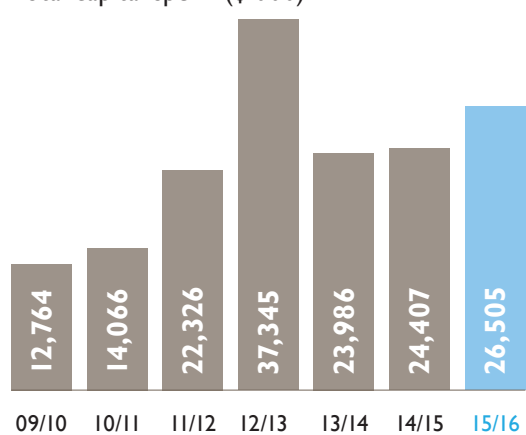
Net assets (\$'000,000)



Total capital spend

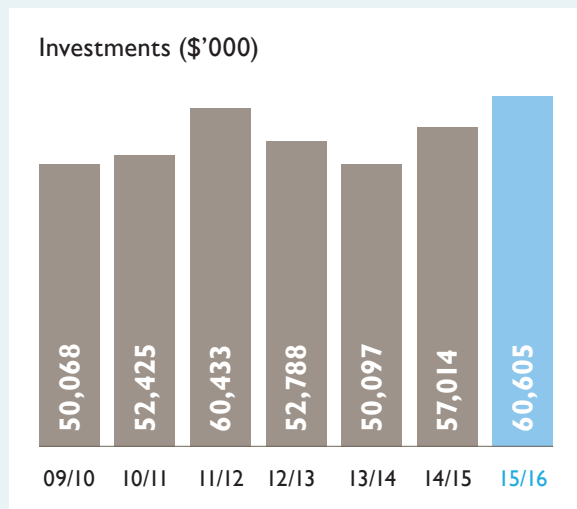
There has been a small but steady increase in capital expenditure over the last three years following Council's investment in improved project management capability. The total capital spend in 2015/16 of \$26.5 million represents an 8.6 per cent increase on 2014/15. Delays in delivery of projects resulted in lower capital spend in 2010 to 2011 and higher spends in the following years particularly 2013 when a number of delayed projects were completed. There is expected to be a significant increase in capital spend in 2017 with the completion of a number of major projects including the Palais Theatre refurbishment, Acland Street upgrade, Ferrars Street Education and Community Precinct, and St Kilda Lifesaving Club redevelopment.

Total capital spend (\$'000)



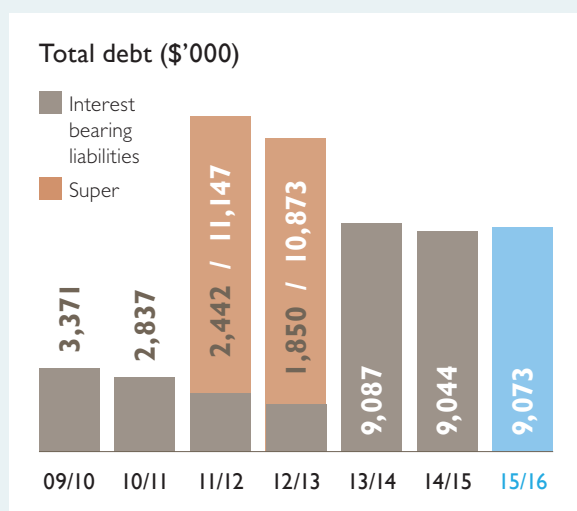
Investments

Council has grown its investments to around \$61 million from \$57 million. This is largely due to increased development contributions (\$3 million). Investments comprise general reserves (\$22.3 million) employee leave provisions (\$15 million), statutory reserves (\$9.7 million), trust funds (\$5 million), and the \$2.6 million carry forward cash surplus. While Council has around \$22.3 million in general reserves, a large portion of this relates to contractually committed expenses (such as tied grants), deferred or planned future capital projects, and accumulated savings to repay debt when it falls due. A decline in investments is expected over the next few years with increased infrastructure investment funded from reserves.



Total debt

Through tight fiscal management and prudent use of reserves, Council has been able to maintain relatively low levels of debt while increasing its level of capital investment over the past three years. Debt has reduced to around 8 per cent of rates revenue. The spike in debt in 2012 and 2013 was related to the Vision Super defined benefits shortfall, which was settled in July 2013. In 2014, Council raised \$7.5 million through the Local Government Funding Vehicle for funding capital works. Debt is expected to remain relatively steady in 2017.



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Looking ahead

For 2016/17 we have prepared a balanced budget (with a modest risk buffer) that delivers on a wide range of services and ongoing investment in our strategic priorities, and within a rates increase of 2.5 per cent.

This includes a fully funded project portfolio of \$46.7 million. This will be used to renew, improve and grow our community infrastructure (including green assets), make improvements to service delivery and asset management, and develop plans for the future.

We have been able to invest in projects that matter and stay within the rates increase cap through continuation and refinement of our disciplined financial strategy including:

- maximising efficiency and making savings including better project planning and delivery
- ensuring we recover costs through fair and appropriate user charges
- selling properties that are not required for service delivery or providing value to our community
- sensible use of reserves where appropriate to invest in new or improved assets.

A key priority in 2016/17 will be the development of a new Council Plan and Long Term Financial Plan in consultation with our community. This will ensure investment in services and assets is aligned to the new Council's vision and priorities. It will also be essential to ensuring financial sustainability in an environment of population growth, climate change, increasing compliance costs, cost shifting and rates capping.



Chris Carroll

General Manager
Organisational Performance

Toward Zero progress snapshot

This is a snapshot of progress on our Toward Zero targets, which is outlined in more detail in **Chapter 4 Achieving Toward Zero**.

Toward Zero is the City of Port Phillip's sustainable environment strategy to 2020, with nine challenges covering:

- 1 greenhouse gas emissions
- 2 potable water use
- 3 waste
- 4 contamination and pollution
- 5 sustainable transport
- 6 sustainable urban design and development
- 7 net loss of natural heritage
- 8 sustainable purchasing and procurement
- 9 climate change

Each challenge has targets to achieve by 2020. The Annual Report communicates Council's progress on these targets.

Highlights for 2015/16

Greenhouse gas emissions in council buildings and services have reduced by 61 per cent since 1997, and in 2015/16 Council met its interim target to reduce greenhouse gas emissions.

During the year Council:

- reduced electricity and gas usage at St Kilda Town Hall by 28 and 23 per cent respectively, compared to 2014/15 levels
- reduced streetlight related emissions by 15 per cent on 2014/15 levels
- commenced construction of the St Kilda Town Hall solar array, which will be one of the largest local government installations in Victoria
- purchased 5,328 tonnes of carbon credits.

Since 2000, potable water usage has reduced by 51 per cent.

During the year Council:

- reduced potable water usage at South Melbourne Market by 16 per cent (5 Megalitres), compared to 2014/15 results

- worked with partners to plan for a major stormwater harvesting scheme at Albert Park Lake. If feasible, the Albert Park Lake project will be a significant contributor to Council achieving its 2020 target for potable water use.

A high priority for Council is reducing contamination and pollution flowing into Port Phillip Bay by capturing storm water pollutants. This is achieved by installing water sensitive urban design systems such as raingardens and stormwater harvesting.

During the year Council:

- installed six raingardens across the City, which collected a total of 3.7 tonnes of contaminants.

The City of Port Phillip is committed to maintaining and enhancing its natural heritage values, significant sites, and regional biodiversity and habitats.

During the year Council:

- planted over 1,010 street trees across the municipality
- completed replanting 8,990 plants at Fraser Street dunes and Point Ormond Reserve.

Challenges for 2015/16

Council relies on data provided by third parties to track the community's progress on key Toward Zero targets. Unlike the government-owned water businesses, the privatised electricity and gas distribution businesses are not required to make public aggregated data for household, business and industrial energy consumption. Consequently, community emissions cannot be tracked. A key challenge is to continue to argue the Victorian State Government makes accurate data available.

Total Council water use was approximately 50 Megalitres more than last year. Council has to balance increased community demand for irrigation of green sites while also meeting the target for a 70 per cent reduction in potable water use. This challenge is further complicated by an extended dry spell resulting in 20 per cent less rainfall over the past two years. Alternative water sources will play a key role in reducing potable water use.

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Our City

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. Port Phillip is one of the oldest areas of European settlement in Melbourne, known and treasured by many for its urban village feel and artistic expression. It is one of the smallest and most densely populated municipalities in Victoria, covering an area of 20.6 square kilometres.

Significant employment areas within Port Phillip include the St Kilda Road office district, and the industrial, warehousing and manufacturing districts in South Melbourne, Port Melbourne and Fishermans Bend.

Approximately four million visitors are attracted to our City each year, enjoying our vibrant villages, beautiful beaches and local festivals. The foreshore stretches over 11 kilometres, and a network of public open spaces makes the City a desirable place for residents and visitors alike to enjoy.

Port Phillip is well served by public transport, with access to St Kilda and Port Melbourne light rail, two railway stations on the Sandringham line, and tram and bus routes. There are 65 kilometres of bike paths.

Port Phillip is a sought after inner city area of Melbourne. The physical environment will change as the City continues to experience significant residential development. Substantial growth is anticipated over the next 40 years in Fishermans Bend on the northern edge of Port Phillip.

Valuing our history, fostering a sense of place and planning for the future of our dynamic and evolving City continues are priorities.

A snapshot of our people

Port Phillip has a diverse community. It is estimated that in 2016 more than 107,127 people live in the City, an increase of 2.2 per cent in the past year. Our population will continue to grow. Fishermans Bend is expected to be home to around 80,000 residents and provide jobs for 40,000 over the next four decades.

A closer look at the resident population in Port Phillip, using the most recent Census data from 2011, shows that 53.4 per cent of our population is between 25 and 49 years old, while 14.9 per cent are over 60 years old. The number of young people (17 years and younger) has increased slightly in recent years, with an average of 1,400 births in Port Phillip each year.

The average household size is small (two people), but there are many families living in Port Phillip. Our community is one of the most educated compared with other metropolitan councils. Although there are a large number of wealthy households, approximately 16 per cent of households are classified as low income. The majority of our residents rent their homes and around eight per cent of our residents live in community or public housing.

More than 18,000 Port Phillip residents were born in non-English speaking countries, with a growing trend in migration from India, China and Malaysia.

The rich diversity of our community will continue to play a significant role in shaping Port Phillip's future.

This is our City

31.0%

Residents born overseas.

50.1%

Residents who are renting
(twice the Greater
Melbourne average).

47.7%

Dwellings that are
high density housing.

73.3%

Dwellings have one or
more cars.

36.1%

Households that are single
occupancy.

50.4%

Residents have moved into
or within Port Phillip in the
last five years.

Source: 2011 Census of Population and Housing



Our challenges

We have identified six significant, long term challenges for our City. How we respond to these challenges will impact the design of our City, our infrastructure and the services we provide to our community.

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1. Population

By 2036, Port Phillip is expected to grow to more than 130,200 people (a 33 per cent increase from 2011). This forecast could increase further as more accurate growth scenarios are developed for Fishermans Bend.

Population growth will increase demand for all Council services and amenities. The cost of providing services will increase and demand will stretch services delivered from ageing infrastructure.

2. Urbanisation

Population growth will drive an increase in urban density. Approximately 18,630 dwellings will be needed to accommodate the expected population growth in Port Phillip, perhaps more if the Fishermans Bend population projections increase.

Over the next 20 years, South Melbourne, St Kilda Road, Port Melbourne and Fishermans Bend will account for more than half of all housing growth in the City.

We will see more infill and medium to high density residential developments in Port Phillip. Housing affordability will decrease as demand for all types of housing increases. Our residents may have to travel further for employment as traditional employment precincts are converted to residential use.

3. Climate change

Melbourne is predicted to experience a 0.6°C increase in average temperatures by 2030. There will be a corresponding two per cent decrease in rainfall, a 10-15 per cent increase in storm intensity, and projected sea level rise of between 10-20 cm.

Much of the City is only one to three metres above sea level and therefore vulnerable to the impacts of climate change, in particular flooding and erosion. We can expect increased flooding of coastal properties and public amenities, storm damage to infrastructure, beach erosion, decreased water quality and security of water supply, reduced summer outdoor activities and hotter urban spaces.

4. Legislative and policy impacts

All Victorian councils operate in a complex legislative and policy environment that includes 75 Acts of Parliament and 28 Regulations. The key Act (the **Local Government Act 1989**) is under review.

The trend of government cost shifting and increased compliance will likely continue. In 2014/15 we absorbed \$1.1 million of extra costs due to cost shifting.

The Victorian Government's cap on local government rate increases is forecast to impact our bottom line by \$67 million over the next 10 years if we don't make changes to the way we operate. Difficult decisions will need to be made about our services.

5. Changing economic conditions

Port Phillip's economy was close to \$12 billion in 2014, contributing 4.3 per cent to the greater Melbourne economy. The City's growing and emerging industries are in the professional services, health and education, tourism related industries and construction. Other traditional sectors such as the creative and cultural industries, will continue to make a valued contribution to Port Phillip's social and economic dynamic if they can be retained and encouraged to prosper.

The transition of Fishermans Bend to a mixed use inner urban community will have a significant impact on the number and types of businesses and jobs in that area.

6. Rapid evolution of new technology

The world is becoming more connected. In 2011, 78 per cent of Port Phillip residents had access to the internet. We can expect increasing demand for online services and engagement through social media and other digital channels.

We will need to respond to this demand, which may reshape how we deliver services and engage our community in decision making.

Our four year focus

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The Council Plan 2013-17 outlines Council's vision for an engaged, healthy, resilient and vibrant City. It was developed by the newly elected Council in June 2013. Each year, Council reviews its four-year Council Plan, and its Strategic Resource Plan, which outlines financial and non-financial resources required to deliver the plan.

2

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In 2015/16, Council continued its practice of actively seeking input from the community about its future direction and priorities. A successful community engagement process resulted in 1,000 pieces of feedback through pop-up engagement events, open house sessions, stakeholder meetings and an online survey. Community feedback suggested only minor adjustments were required and a revised Council Plan 2013-17 (Year 4) was adopted on 28 June 2016, along with the Budget 2016/17. This will be the final Council Plan and Budget for the current Council. The new Council Plan will be prepared and approved by the next Council by 30 June 2017, in accordance with the **Local Government Act 1989**.

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Council will continue to balance service demand with infrastructure delivery in line with community priorities, while operating within the Victorian Government's rates cap.

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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 for 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.

Every Victorian council varies according to its community. However, all must operate in accordance with the **Local Government Act 1989**.

Our neighbouring councils are the cities of Melbourne, Bayside, Glen Eira and Stonnington.

Within Victoria, the role of a council is to:

- provide leadership for the good governance of the municipal district and the local community
- act as representative government, taking into account the diverse needs of the local community in decision making
- provide leadership by establishing strategic objectives and monitoring achievements
- maintain the viability of the Council by ensuring resources are managed in a responsible and accountable manner
- advocate for the interests of its 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:

- 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 the **Local Government Act 1989** 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

Committed to good governance

In 2014/15, new quality standards for reports to Council and Councillor briefings were implemented and monitored by our Executive Leadership Team. The standards aim to improve the quality of information, and the readability of reports from a community perspective, and increase transparency in Council's decision making. In 2015/16, 90 per cent of reports and briefings met Council's quality standards, up from 87 per cent in 2014/15.

An open and engaging council

We operate in an open and transparent manner when making decisions.

We engage our community on key issues of significance by actively seeking input through community reference groups, from broad cross-sections of the community and through improved community engagement practices that include the use of face-to-face and online mediums.

We encourage community participation and offer opportunities to speak at Council meetings. Confidential reports are kept to a minimum, with every effort made to ensure the majority of decisions are considered in open Council meetings, including tenders and legal matters where possible. We have maintained our commitment to involving people in the process and ensuring decisions are made in the best interests of the whole community. Ninety-three per cent of reports considered by Council in 2015/16 are publicly available. Seven per cent of reports covered confidential matters mainly relating to commercial negotiations around the purchase of open space and the Palais Theatre lease. The majority of this information has now been made public by Council.

Dates and venues for Ordinary Council and Statutory Planning Committee meetings are advertised in local newspapers and on our website. Community members can opt in to receive an email notification of upcoming Council meetings. If urgent special meetings must be called, we publicise these meetings to our community.

Councillor Code of Conduct

Council adopted a new Councillor Code of Conduct at the Special Meeting of Council on 28 June 2016. The Code of Conduct is designed to facilitate the effective functioning of Council and sets out the principles of conduct for Councillors.

The Code of Conduct requires Councillors to agree to respect and be committed to the stewardship of the City of Port Phillip, and to lead in good governance practice. The code requires Councillors to embed best practice through a constructive team culture to meet legislative responsibilities. It requires Councillors to develop and maintain good working relationships with each other and with the organisation, to deliver positive outcomes and value to the community. The Code of Conduct requires Councillors to agree to abide by the **Local Government Act 1989**, Section 3C "Objectives of a Council", which requires that the primary objective of a council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.

The Councillor Code of Conduct is available on our website at www.portphillip.vic.gov.au/councillors_code_conduct.htm

Port Phillip City Council

Councillors set the strategic direction for the municipality, develop policy, identify service standards and monitor performance.

The City of Port Phillip is currently divided into seven wards with one Councillor representing each ward. Our most recent municipal election was held on Saturday 27 October 2012, with elected representatives sworn in for a four-year term on Tuesday 30 October 2012. This term ends at 6 am on Saturday 22 October 2016, with a local government election scheduled for Saturday 22 October 2016.

On Tuesday 10 November 2015, at a Special Meeting of Council, Councillor Bernadene Voss was elected Mayor. Councillor Serge Thomann was elected Deputy Mayor at this meeting.

The role of the Mayor is to provide guidance to Councillors about what is expected of a Councillor, including observing the Councillor Code of Conduct. The Mayor's role includes supporting good working relations between Councillors. The Mayor acts as the Council's principal spokesperson and is also responsible for carrying out the civic and ceremonial duties of the Mayoral office.

The Local Government Act 1989 requires the Victorian Electoral Commission to conduct an electoral representation review of each municipality in Victoria before every third council general election. Following a review of the municipality's electoral boundaries, new boundaries were announced in the Victorian Government Gazette on 12 November 2015. At the election on Saturday 22 October 2016, voters will elect nine Councillors across three wards, with three Councillors being chosen to represent each ward.

The three wards are:

- Gateway Ward
- Lake Ward
- Canal Ward

Our Councillors are:

Cr Andrew Bond

Junction Ward



Cr Anita Horvath

Emerald Hill Ward



Cr Vanessa Huxley

Carlisle Ward



Cr Bernadene Voss Mayor

Sandridge Ward



Cr Amanda Stevens

Albert Park Ward



Cr Serge Thomann Deputy Mayor

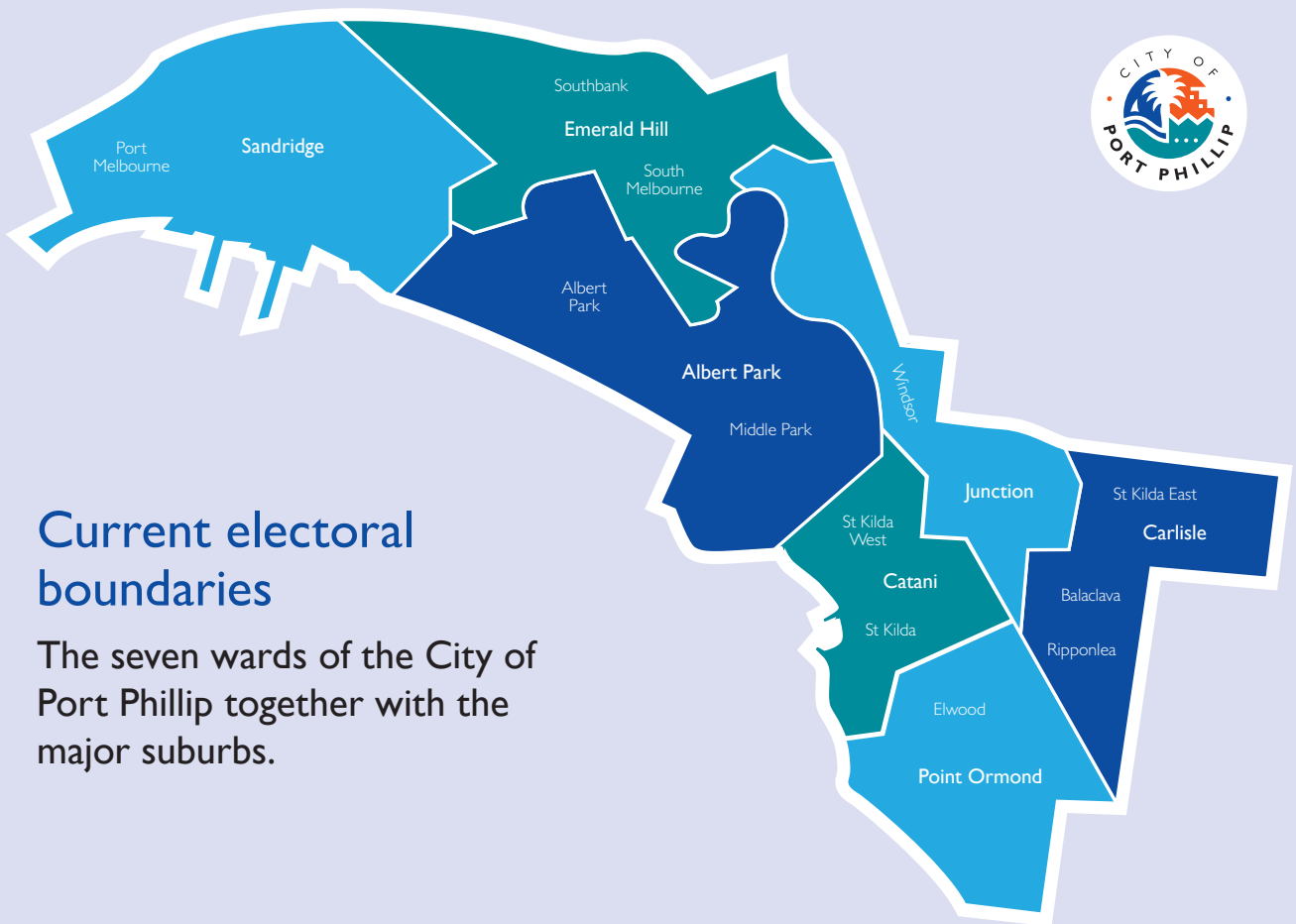
Catani Ward



Cr Jane Touzeau

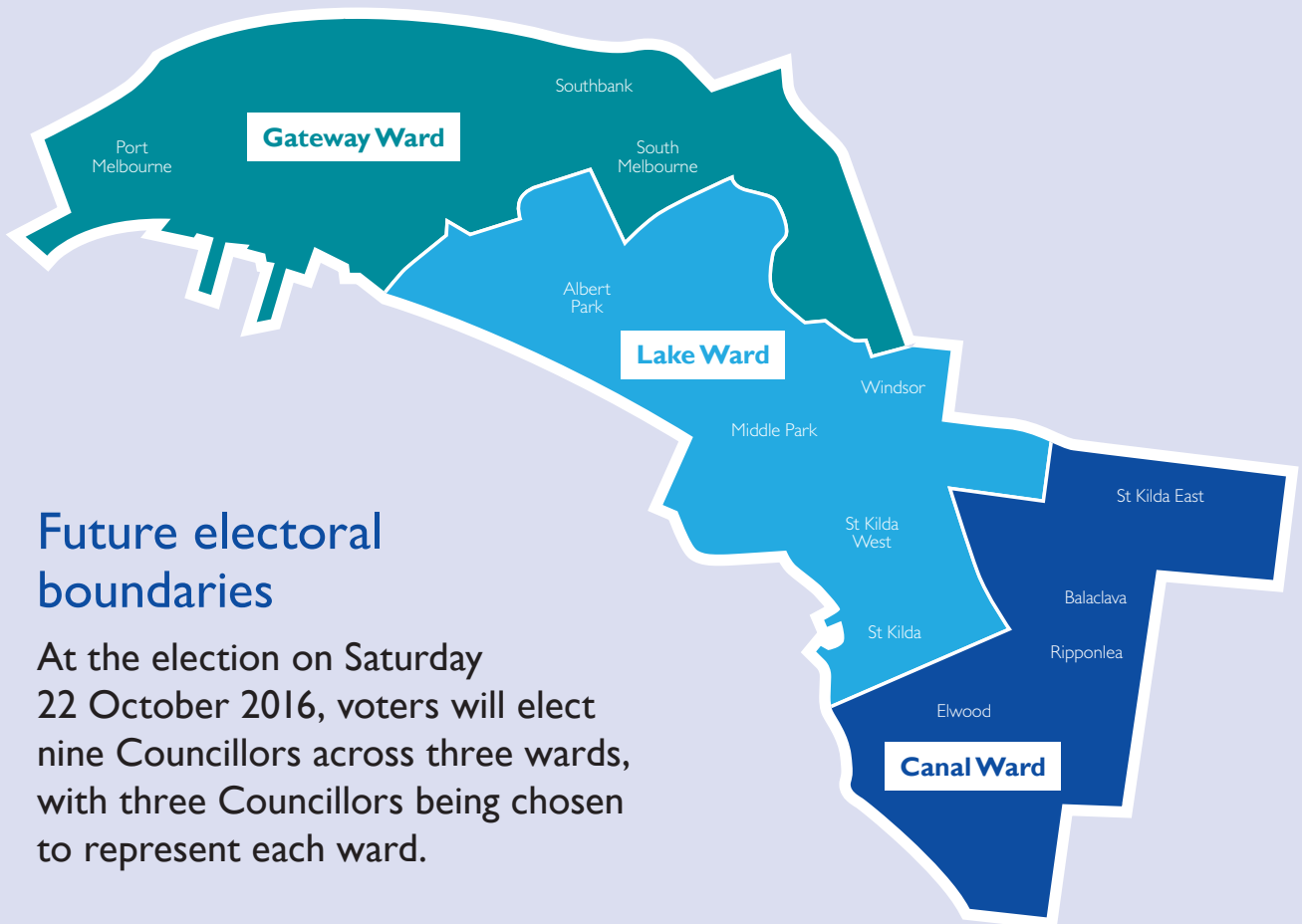
Point Ormond Ward





Current electoral boundaries

The seven wards of the City of Port Phillip together with the major suburbs.



Future electoral boundaries

At the election on Saturday 22 October 2016, voters will elect nine Councillors across three wards, with three Councillors being chosen to represent each ward.

Council meetings

The City of Port Phillip has a regular meeting cycle of two Ordinary Council meetings and one Statutory Planning Committee meeting each month.

Meetings are held on Tuesdays at 6 pm and are open to the public. The Statutory Planning Committee has a delegation from Council to make decisions on planning matters.

Council meetings are rotated between the St Kilda, South Melbourne and Port Melbourne town halls. Three Special Meetings of Council, nine Statutory Planning Committee Meetings and 20 Ordinary Meetings of Council were held in 2015/16.

Councillor meeting attendance

Councillor	Ordinary Council Meeting	Statutory Planning Committee Meeting	Special Council Meeting	Attendance
Cr Andrew Bond	20	9	3	100%
Cr Anita Horvath	19	7	2	88%
Cr Vanessa Huxley	17	6	3	81%
Cr Amanda Stevens	18	5	3	81%
Cr Serge Thomann	18	9	3	94%
Cr Jane Touzeau	19	8	3	94%
Cr Bernadene Voss	17	8	3	88%

Ordinary Meetings of Council

Date	Location
Tuesday 14 July 2015	Port Melbourne Town Hall
Tuesday 28 July 2015	St Kilda Town Hall
Tuesday 11 August 2015	South Melbourne Town Hall
Tuesday 25 August 2015	St Kilda Town Hall
Tuesday 8 September 2015	Port Melbourne Town Hall
Tuesday 22 September 2015	St Kilda Town Hall
Tuesday 13 October 2015	South Melbourne Town Hall
Tuesday 27 October 2015	St Kilda Town Hall
Tuesday 17 November 2015	St Kilda Town Hall
Tuesday 24 November 2015	St Kilda Town Hall
Tuesday 8 December 2015	St Kilda Town Hall
Tuesday 9 February 2016	South Melbourne Town Hall
Tuesday 23 February 2016	St Kilda Town Hall
Tuesday 8 March 2016 (cancelled)	
Tuesday 22 March 2016	St Kilda Town Hall
Tuesday 12 April 2016	South Melbourne Town Hall
Tuesday 26 April 2016	St Kilda Town Hall
Tuesday 10 May 2016	Port Melbourne Town Hall
Tuesday 24 May 2016	St Kilda Town Hall
Tuesday 14 June 2016	South Melbourne Town Hall
Tuesday 28 June 2016	St Kilda Town Hall

Statutory Planning Committee Meetings

Date	Location
Tuesday 21 July 2015	St Kilda Town Hall
Tuesday 18 August 2015	St Kilda Town Hall
Tuesday 15 September 2015 (cancelled)	
Tuesday 20 October 2015	St Kilda Town Hall
Tuesday 9 December 2015	St Kilda Town Hall
Tuesday 16 February 2016	St Kilda Town Hall
Tuesday 15 March 2016	St Kilda Town Hall
Tuesday 19 April 2016	St Kilda Town Hall
Tuesday 17 May 2016	St Kilda Town Hall
Tuesday 21 June 2016	St Kilda Town Hall

Special Meetings of Council

Date	Location
Tuesday 10 November 2015	St Kilda Town Hall
Tuesday 7 June 2016	St Kilda Town Hall
Tuesday 28 June 2016	St Kilda Town Hall

Councillor allowances

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

The following table sets out details of current allowances fixed for the Mayor and councillors as at 30 June 2016. These allowances sit within the limits set by the Victorian Government.

Councillor	Allowance
Cr Andrew Bond	\$31,653
Cr Anita Horvath	\$31,653
Cr Vanessa Huxley	\$31,653
Cr Amanda Stevens	\$31,653
Cr Serge Thomann (Deputy Mayor)	\$31,653
Cr Jane Touzeau	\$31,653
Cr Bernadene Voss (Mayor)	\$101,105

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Councillor expenses

The following table sets out a summary of Councillor expenses for the 2015/16 year. All expenses are related to Councillors' roles and have been incurred in the course of their duties as Councillor.

Councillor	Travel expenses	Car mileage expenses	Childcare expenses	Information and communication technology expenses	Conference and training expenses	Total
Cr Andrew Bond	-	-	-	\$1,527.39	-	\$1,527.39
Cr Anita Horvath	-	-	-	\$1,697.03	-	\$1,697.03
Cr Vanessa Huxley	\$194.30	-	-	\$1,449.18	\$4,545.45	\$6,188.93
Cr Amanda Stevens (Mayor until 11 November 2015)	* \$4,483.81	-	\$4,976.00	\$1,647.95	** \$14,466.36	\$25,574.12
Cr Serge Thomann	\$347.17	-	-	\$2,092.83	\$100.00	\$2,540.00
Cr Jane Touzeau	\$139.70	-	-	\$2,163.05	\$468.18	\$2,770.93
Cr Bernadene Voss (Mayor from 11 November 2015)	* \$5,349.20	-	\$3,810.00	\$1,573.04	** \$7,793.18	\$18,525.42

* Travel expenses include the provision of a motor vehicle for the Mayor of the City of Port Phillip which is charged out at \$9,000 per annum pro rata

** In accordance with the *Local Government Act 1989* the Mayor carries out the civic and ceremonial duties resulting in attendance at a higher number of tailored training events, more meetings, conferences and functions representing Port Phillip City Council than is required by other Councillors.

Supporting Council's decision making

As part of our commitment to good governance, quality decision making and community participation, we support a range of committees with community and external representation. Our councillors also represent the interests of Council on a range of external committees.

On 22 March 2016, Council adopted the Election Period Policy 2016, which outlines procedures for meetings during the Council caretaker (election) period.

Community Reference committees

Community Reference committees are established by Council to provide opportunities for members of our community to share their expertise on a range of topics. Each committee is governed under specific Terms of Reference.

Appointment	Purpose
Art Acquisition Reference Committee	
Cr Touzeau (Chair)	The Art Acquisition Reference Committee assists Council by providing advice and expertise in relation to Council's visual art acquisition program.
Audit & Risk Committee	
Mayor Cr Voss and Cr Stevens	The Audit and Risk Committee advises Council on the effectiveness of the organisation's systems, processes and culture for managing risk, and compliance with its legal and financial obligations.
Community Grants Assessment Panel	
Cr Touzeau and Cr Stevens	The panel convenes annually to assess applications and make recommendations to Council for community grants of up to \$10,000.
Cultural Development Fund Reference Committee	
Cr Thomann (Chair) and Cr Huxley (Reserve)	The Cultural Development Fund Reference Committee provides advice and recommendations to Council in relation to applications for the Cultural Development Fund, according to the published guidelines.

Appointment	Purpose
Cultural Heritage Reference Committee	
Mayor Cr Voss (Chair) and Cr Touzeau (Reserve)	The Cultural Heritage Reference Committee provides advice and feedback to Council in relation to cultural heritage and local history.
Esplanade Market Advisory Committee	
Cr Thomann (Chair) and Cr Bond	The Esplanade Market Advisory Committee provides advice to Council on the strategic direction of the Esplanade Market.
Fishermans Bend Community Forum	
Mayor Cr Voss and Cr Horvath (alternating chairs)	The Fishermans Bend Community Forum provides for dialogue between the community and Council in regard to projects, initiatives and planning applications in Fishermans Bend.
Friends of Suai/Covalima Community Reference Committee	
Cr Thomann and Cr Huxley (Reserve)	The Friends of Suai/Covalima Community Reference Committee works with and assists the City of Port Phillip to develop sustainable and productive relationships between the Port Phillip and Suai/Covalima communities.
Gasworks Arts Park Reference Committee	
Cr Stevens (Chair)	The Gasworks Arts Park Reference Committee provides 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.
Multicultural Forum	
Cr Thomann (Chair)	The Multicultural Forum facilitates discussion and advises Council about policies and plans supporting the multicultural community.
Older Persons Consultative Committee	
Cr Horvath	The Older Persons Consultative Committee provides advice to Council about policies, plans, issues and services affecting older people.

Appointment	Purpose
Rupert Bunny Foundation Visual Art Fellowship Reference Committee	
Cr Touzeau (Chair)	The Rupert Bunny Foundation Visual Art Fellowship Reference Committee provides strategic advice and expertise to Council on the awarding of the Fellowship.
Village Partnership Groups - Acland Street, Balaclava (Carlisle Street), Emerald Hill and South Melbourne, Fitzroy Street, Beacon Cove and Garden City	
A different Community Member is chair for each group	Village Partnership Groups bring people together to activate vibrant and enjoyable places in our villages. The groups meet regularly to work together with the community to implement their ideas.

External committees

Individual Councillors are appointed by Council to represent its interests on a number of external committees, associations or boards. As appropriate, Councillors report to Council on the activities of these committees.

Appointment	Purpose
Association of Bayside Municipalities	
Cr Touzeau	The Association of Bayside Municipalities represents the interests of 10 councils with frontage to Port Phillip Bay, on various coastal and marine issues.
Board of Bubup Womindjeka Family and Children's Centre	
Mayor Cr Voss and Cr Horvath (Reserve)	The Board of Bubup Womindjeka Family and Children's Centre oversees the provision of a range of services at the centre, such as long day care, sessional kindergarten, occasional care, maternal and child health services, consulting space for allied health professionals, and space for new parent groups, playgroups and other community group uses.

Appointment	Purpose
Board of Claremont and Southport Aged Care Limited (CaSPA Care)	
Mayor Cr Voss	CaSPA Care is a merger between Claremont Home and South Port Residential Home, formed to enable both entities to respond to changes within the residential aged care industry. Changes include more rigorous certification and accreditation standards, increase in the frailty of residents requiring care, and an increasing demand for appropriate local residential aged care.
Gasworks Arts Inc. Board of Management	
Cr Stevens	The Gasworks Arts Inc. Board of Management is elected annually to oversee management of the Gasworks Arts Park.
Health and Wellbeing Alliance Committee	
Cr Huxley and Cr Touzeau (Reserve)	The Health and Wellbeing Alliance Committee directs the implementation of Council's Health and Wellbeing Plan. It consists of representatives from local health and welfare organisations, police, the business community and Council.
Inner South Metropolitan Mayors Forum	
Mayor Cr Voss	The Inner South Metropolitan Mayors Forum is the 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	The Linden Board of Management Inc. oversees the day-to-day management of Linden New Art Gallery.
Metropolitan Transport Forum	
Cr Touzeau	The Metropolitan Transport Forum is a local government interest group for transport in metropolitan Melbourne, with 17 constituent members, working towards effective, efficient and equitable transport in metropolitan Melbourne. The forum provides for debate, research and policy development, as well as sharing and disseminating information to improve transport choices.

External committees

Appointment	Purpose
Metropolitan Waste and Resource Recovery Group	
Cr Huxley	The Metropolitan Waste and Resource Recovery Group is a Victorian Government statutory body responsible for coordinating and facilitating municipal solid waste management across metropolitan Melbourne.
Municipal Association of Victoria	
Mayor Cr Voss and Cr Thomann (Reserve)	The Municipal Association of Victoria (MAV) is a representative and lobbying body for Victorian councils. It advocates for the interests of local government, raises the sector's profile, and provides policy and strategic advice and insurance services.
Port Phillip Multifaith Network Steering Committee	
Cr Thomann	The Port Phillip Multifaith Network Steering Committee comprises representatives and leaders from a wide variety of religions and faith groups in the City of Port Phillip. The network meets on a bimonthly basis and is concerned with discrimination, social inequity, disadvantage and poverty.
Port Phillip Housing Association Ltd. Board of Directors	
Cr Horvath	The Port Phillip Housing Association Ltd. is an independent, not-for-profit community housing organisation that helps members of the local and wider community find suitable, affordable housing. It advocates on behalf of residents who require assistance to sustain their tenancies.
Road Safety Action Group Inner Melbourne	
Cr Touzeau	The Road Safety Action Group Inner Melbourne is a collaboration of four inner Melbourne councils, community members and organisations working to make inner Melbourne safer for walking, bike riding, public transport and motorcycling.

Appointment	Purpose
St Kilda Tourism & Events	
Cr Thomann	St Kilda Tourism & Events provides advocacy, destination marketing and industry development for St Kilda. As the local tourism association, it 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 and Cr Touzeau (Reserve)	The Victorian Local Governance Association is the peak body for councillors, community leaders and local governments to build and strengthen their capacity to work together for progressive social change.

Section 86 committees

Under Section 86 of the *Local Government Act 1989*, Council can delegate particular decisions to formally established committees, called “Special committees”. On 22 March 2016, Council adopted the Election Period Policy 2016, which states procedures for external committees meeting during the Council caretaker (election) period.

In 2015/16 there were four Special committees:

Appointment	Purpose
Statutory Planning Committee	
All Councillors (Cr Horvath Chair)	The Statutory Planning Committee makes decisions on planning applications by exercising all of Council's powers, duties and functions under the <i>Planning and Environment Act 1987</i> , in accordance with relevant policies and guidelines of the Council, and to do all things necessary or convenient to be done for, or in connection with, the performance of those powers, duties and functions.
Council Neighbourhood Programs Committee	
Mayor Cr Voss (Chair) and Cr Thomann	The Council Neighbourhood Programs Committee, subject to an annual Council budget allocation and in accordance with its Terms of Reference, has the discretion to make minor donations and grants to individuals, organisations or community groups.
South Melbourne Market Management Committee	
Cr Stevens, Cr Bond and Cr Horvath	The purpose of the South Melbourne Market Management Committee is 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.
Inner Melbourne Action Plan (IMAP) Committee	
Mayor Cr Voss	The Inner Melbourne Action Plan (IMAP) Committee oversees the implementation of regionally based actions identified in the Inner Melbourne Action Plan. IMAP is the successful collaboration between the cities of Melbourne, Port Phillip, Yarra, Maribyrnong and Stonnington. IMAP seeks to foster creativity, liveability, prosperity and sustainability across the inner Melbourne region.

Inner Melbourne Action Plan Making Melbourne More Liveable



The Inner Melbourne Action Plan (IMAP) is a successful collaboration between the cities of Melbourne, Port Phillip, Yarra, Maribyrnong and Stonnington that seeks to foster creativity, liveability, prosperity and sustainability across the inner Melbourne region.

In 2015/16 an extensive review of the Inner Melbourne Action Plan was completed. The review included feedback from community members, and local and state government stakeholders. All five partner councils, including the City of Port Phillip, adopted the Inner Melbourne Action Plan 2016-26 on 28 June 2016.

The IMAP 2016-2026 reflects the significant changes to the social, economic, environmental and policy context that have occurred since IMAP was first created a decade ago, together with consideration of the likely challenges and opportunities facing the region in the coming decade. The plan sets out five goals and 27 strategies to help achieve a vision of “making the inner Melbourne region more liveable while responding to the challenges of rapid growth.” The new Plan will be published and launched during the 2016/17 year, and a three-year implementation program developed to progress priority initiatives.

Some of the key achievements of IMAP during 2015/16 included:

- completing an extended set of 15 environmentally sustainable design fact sheets, used by 20 Victorian councils to advise development applicants on sustainable design solutions
- winning the Education category in the 2015 Premier's Sustainability Awards for the Growing Green Guide, a how-to manual for developing green walls, roofs and facades
- co-sponsoring an affordable housing forum for 90 attendees, who viewed the premiere of the short film “The Future of Social Housing in the Inner City” and discussed ways to enhance affordable housing choices in inner Melbourne.

Community engagement

Our diverse community has a rich pool of knowledge, insights and expertise. From issues such as tackling climate change and managing growth, to delivering services and programs within financial constraints, our community's input is critical to helping inform Council's decision making and shaping the future of our great City.

Highlights

In 2015/16 we engaged with our community on over 30 initiatives, including:

- Council Plan and Budget
- St Kilda Triangle
- Acland Street upgrade
- Beach Street queuing lane
- Moubray Street proposed temporary road closure
- Wellington Street streetscape upgrade
- JL Murphy Reserve pavilion upgrade
- Community facilities and services in Port Melbourne and South Melbourne
- South Melbourne Market York Street activation
- Gasworks Theatre upgrade
- Albert Park / Middle Park Parking Neighbourhood Scheme
- South Melbourne Life Saving Club redevelopment
- Balaclava, Ripponlea and Elwood Parking Neighbourhood Scheme
- Queens Lane proposed upgrade works

During March and April 2016, Council sought community feedback on potential options for closing a section of Moubray Street, to extend the Moubray Street Community Park and provide more open space for students of Albert Park Primary School and the local community.

Council consulted with the community through letters to residents and property owners, online consultation via Have Your Say and two pop-up consultation sessions at the Moubray Community Park. After receiving 370 responses to the consultation and listening to alternative suggestions from the community, in May 2016 Council resolved to partially extend the existing Moubray Street Community Park, a solution designed to address the needs of both the school and the local community.

Council officers have been working closely with Gasworks Arts Inc. to determine what improvements are required for a theatre upgrade designed to accommodate a variety of arts activities for a wide range of groups including artists, performers and schools.

We commenced community engagement on the Gasworks Theatre upgrade in May 2016. Council sought community feedback on the designs to improve facilities for enhanced audience experience and community access.

On-site signage and posters accompanied letters and newsletters to the local community about the project, and a community information session at the theatre enabled residents and park users to meet with the project team and view the design plans. Face-to-face consultation was complemented by online opportunities to provide feedback.

We have made good progress on the St Kilda Triangle project. Collaborative design with our community, industry and government, culminated in an endorsed masterplan that establishes a vision for the Triangle site and a framework for future development. Key to this engagement approach was a series of iterative co-design workshops to investigate and work through design problems and develop solutions together.

We have a diverse community and this is reflected in the type of feedback we receive through our engagement activities. This diversity of views is presented in consultation and engagement reports to Council, which contributes to their decision making.

We continuously strive to improve our processes and practice to ensure our harder to reach community members have an opportunity to engage with us on topics that are important to them. We also look to use new technological tools to broaden our reach and make our engagement information accessible to all.

Your feedback helps us understand where we may improve our practice.

Accountability

To ensure we are accountable to our stakeholders, including residents, ratepayers, business and government, we must comply with the requirements of the *Local Government Act 1989* and other legislation. We are also required to provide the Minister for Local Government with detailed reports, including an annual report, budget, council plan and strategic resource plan.

Audit and Risk Committee

As part of Council's governance obligations to its community, Council seeks probity from its Audit and Risk Committee. This is an independent committee whose primary purpose is to advise Council on the effectiveness of our systems, processes and culture for managing risk and compliance with our legal and financial obligations. The specific objectives of the Audit and Risk Committee are outlined in the Committee's Charter, which is available on our website at www.port Phillip.vic.gov.au/ARCo_Charter_2015.pdf

The Audit and Risk Committee comprises three external members, the Mayor and another councillor, with the role of the Chair being held by an external member. External members are appointed for a three-year term, renewable for a maximum of one additional term. Retiring members are eligible to reapply for membership. Councillors are appointed to the committee on an annual basis. The Audit and Risk Committee met on five occasions in 2015/16. Minutes of Audit and Risk committee meetings are distributed to all councillors, while reports on activities are formally presented to Council and made publicly available following each meeting of the Audit and Risk Committee.

Internal and external auditors and other assurance providers support the committee by providing independent and objective assurance on internal corporate governance, risk management, internal controls and compliance.

All Victorian councils are also externally audited on an annual basis by the Victorian Auditor-General.

Audit and Risk Committee membership

External representatives

Independent members are remunerated in accordance with Council policy.

Ms Helen Lanyon

Member (12 Dec 2011 - current)
Chair (25 Feb 2014 - current)

Ms Helen Lanyon was reappointed as Chair in February 2016. Ms Lanyon is a Fellow of CPA Australia and over a 40 year career has held numerous senior executive roles, primarily in local government. She has broad experience in the corporate services portfolio across a range of disciplines, including finance, governance, human resource management, marketing, customer service and information technology. Ms Lanyon also has extensive experience on a broad range of advisory committees.

Mr Brian Densem

Member (13 Dec 2010 - current)

Mr Brian Densem is a Certified Practising Accountant, a Professional Fellow of the Institute of Internal Auditors and is General Manager Group Audit at a leading Australian mutual company. He has extensive knowledge of internal audit, risk management and compliance, and exposure to numerous industries, with a primary focus on financial services. Mr Densem is a member of two other local government audit and risk committees, in addition to an audit committee for a water catchment authority.

Mr Densem was reappointed to a further three-year term in April 2016.

Ms Kerryn O'Brien

Member (10 Dec 2013 - current)

Ms Kerryn O'Brien is a Member of the Institute of Chartered Accountants and a Member of the Institute of Company Directors. She is an experienced and highly qualified nonexecutive director, with substantial experience in governance, risk and compliance projects in the private and public sector, and considerable exposure to the not-for-profit sector. She has strong strategic governance and risk management skills, supported by a background in accounting and assurance.

Internal representatives

Cr Bernadene Voss (Mayor)

(Nov 2014 - current)

Under the Audit and Risk Committee Charter, the elected Mayor must be a member of the Committee.

Cr Amanda Stevens

(Nov 2012 - current)

Accountability

Local Government investigations and compliance inspectorate

An additional layer of audit is provided by the Local Government Investigations and Compliance Inspectorate. This is an administrative office of the Department of Environment, Land, Water and Planning (DELWP). The Inspectorate is responsible for ensuring that Victoria's local government sector meets the highest standards of accountability and transparency. The Inspectorate focuses on compliance with the **Local Government Act 1989** by:

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

Reporting on our performance

We are committed to improving our performance and providing value for money to our community. Since March 2014 we have produced a monthly CEO Report that provides timely and regular information on Council's performance and activities.

This includes:

- Council Plan delivery progress
- financial performance
- service delivery performance
- legislative updates
- priority project delivery progress
- quarterly insurance and safety performance.

These reports are available online at www.portphillip.vic.gov.au/results_reports.htm

Our performance



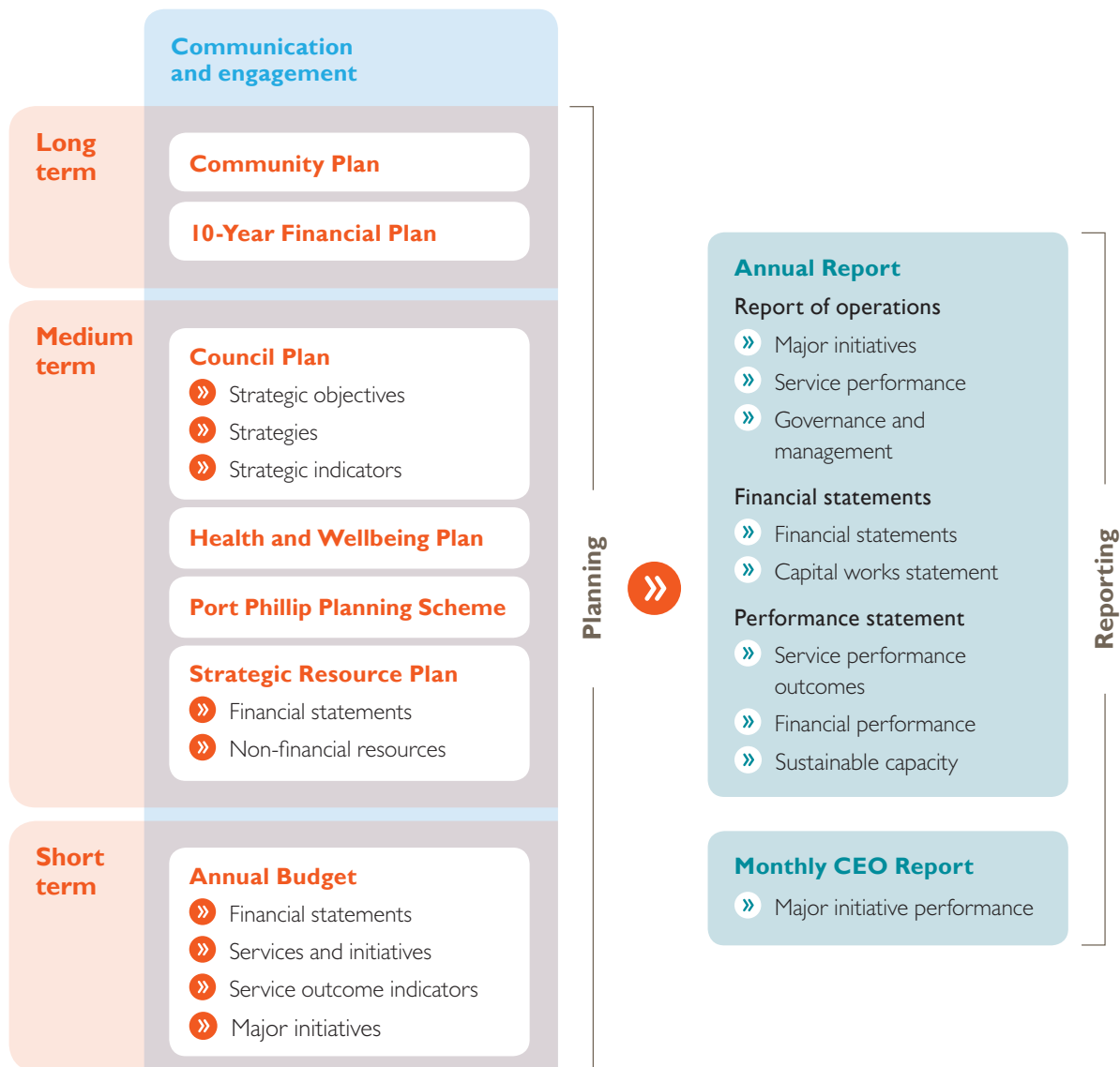
Planning and performance accountability framework

Council is committed to a continuous cycle of planning, reporting and review to ensure it delivers the best outcomes for the community.

Council has a robust planning framework in place to support the delivery of the Council Plan. Sitting alongside the Council Plan are the Municipal Health and Wellbeing Plan and the Port Phillip Planning Scheme. Together these high level plans ensure the current and future health and wellbeing of the City.

Transparent reporting on our performance

Council is committed to transparent reporting on its performance and activities, and regularly reports on progress towards achieving the objectives of the Council Plan, as well as financial performance and other activities. These reports, along with Council's annual reports, are available online at www.portphillip.vic.gov.au/results_reports.htm



Council Plan 2013-17

Council's vision is for an engaged, healthy, resilient and vibrant City.

Under each of these four themes are specific objectives and measures, which are reported against in the following pages.

Our performance

Our performance for 2015/16 for each Council Plan theme includes:

- measures of success for strategic objectives outlined in the Council Plan
- progress against major initiatives
- services delivered as funded in the Budget and what they cost
- results for local government performance reporting measures
- service statistics.

The impact of our performance on the community is measured through two satisfaction surveys: the City of Port Phillip Community Satisfaction Survey, which is held every six months, and the annual Local Government Victoria Community Satisfaction Survey.

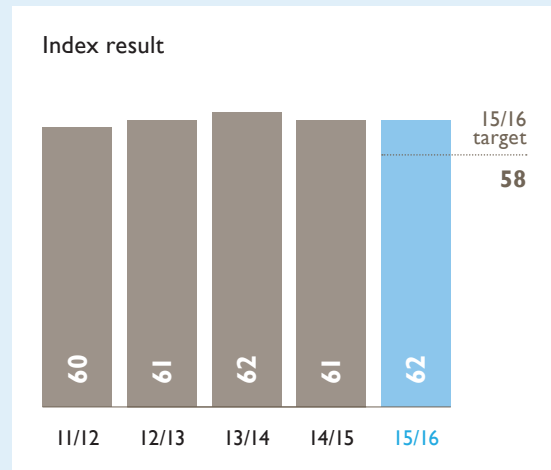
Engaged - a well governed City

Our strategic objectives

- 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

Measures of success

Community satisfaction with Council's consultation and engagement in decision making on key local issues consistent with industry benchmarks



Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 62 against a target of 58, which was the Melbourne metropolitan average.

Our community engagement during the year resulted in a one point increase in community satisfaction with our consultation and engagement processes. More information on our commitment to engagement is provided in **Chapter 2 Governing our City**.

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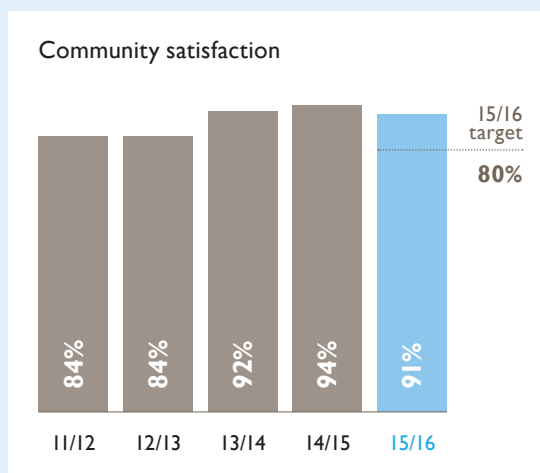
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Community satisfaction survey respondents agree Council is trustworthy, reliable and responsible

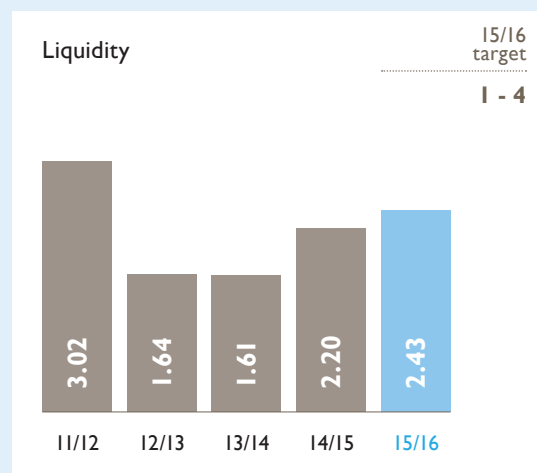


Note: Rating scale changed during 2014/15
 Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 91 per cent against a target of 80 per cent.

There was a three percentage point reduction in the community rating of Council as trustworthy, reliable and responsible; however, the result remains high and is 11 percentage points above target.

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



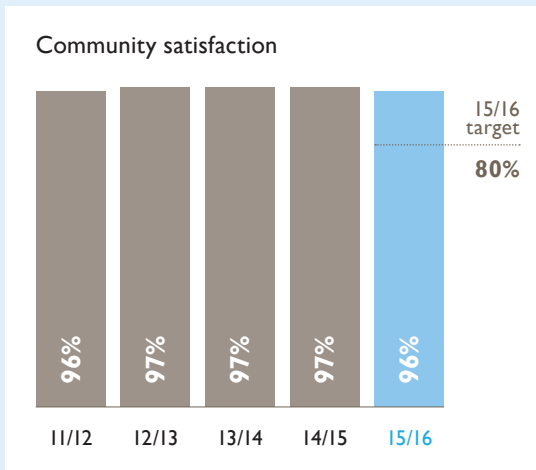
Source: City of Port Phillip financial system

Council achieved a result of 2.43 against the sector target range of between 1 and 4.

Council's liquidity was within the sector target range, meaning that Council has a favourable ratio of current assets compared with current liabilities and is able to generate sufficient cash to pay bills on time.

Measures of success

Community satisfaction survey respondents agree they feel proud of, connected to and enjoy their neighbourhoods

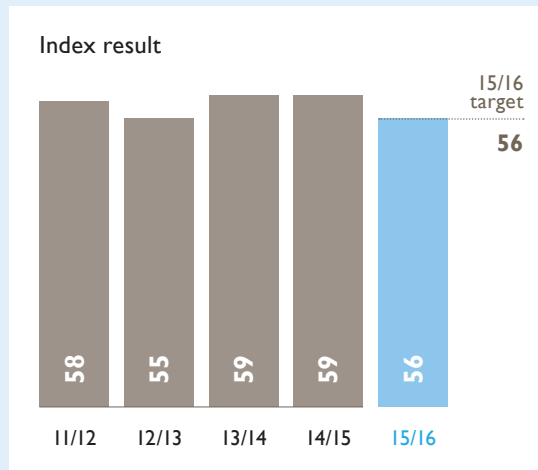


Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 96 per cent against a target of 80 per cent.

There was a one percentage point decrease in residents feeling proud of, connected to and enjoy living in their neighbourhoods; however, the result remains high and is 16 percentage points above target.

Community rating of Council's performance in lobbying for the interests of the community is consistent with industry benchmarks

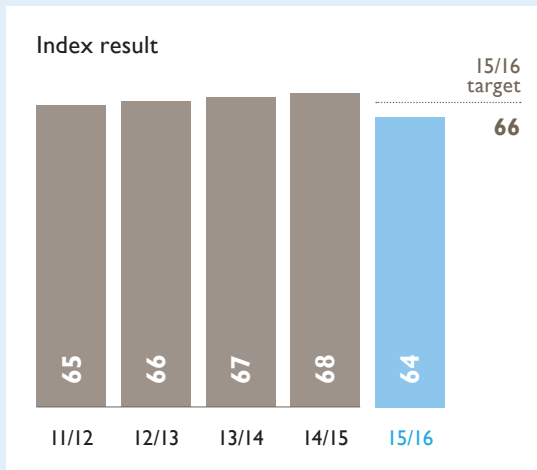


Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 56 against a target of 56, which is the Melbourne metropolitan average.

Over the year there was a three point decrease in community satisfaction with our lobbying. This was driven by a six point decrease in satisfaction from younger residents aged 18 to 34 years.

Community satisfaction with the overall performance of Council is consistent with industry benchmarks

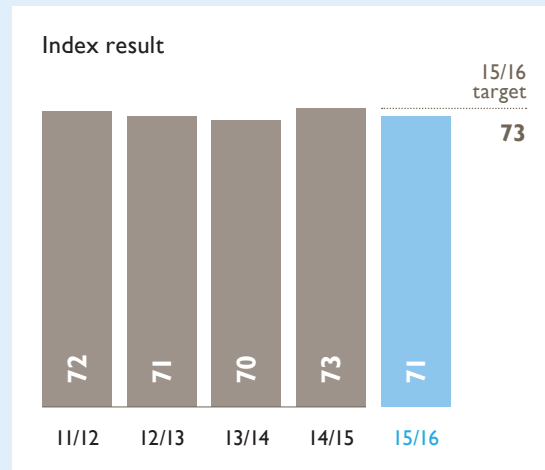


Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 64 against a target of 66, which was the Melbourne metropolitan average.

The Local Government survey results for 2016 saw a decline in satisfaction results across all councils. There was a four point decrease in community satisfaction with our overall performance. Parking facilities were highlighted as an area for improvement and there are a number of initiatives underway to increase parking performance through the Integrated Transport Strategy and through neighbourhood parking reviews.

Community satisfaction with the performance of customer contact services is consistent with industry benchmarks



Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 71 against a target of 73, which was the Melbourne metropolitan average.

There was a two point decrease in community satisfaction with our customer contact services. Council is completing a review of its customer service capability during 2016/17. This will include a roadmap for improvement.

Engaged - a well governed City

Services we delivered and what they cost

Business area	Description of services	Net cost \$'000
		Actual Budget Variance
Chief Executive Officer and Executive Team	Responsible for providing advice to Council, implementing Council policy and decisions, and the performance of the Council organisation, including all employees, finances, assets, contracts, projects and services	3,543 3,266 (277)
Access and Ageing	Provides opportunities for our community to enhance quality of life, such as maintaining independence and social inclusion. Focuses on ageing, multiculturalism and access	5 5 0
Business Technology	Enables Council's efficient and effective service delivery through best practice information and communication technologies, and good information management	7,699 7,862 163
Community Relations	Informs our community about the services available to them, provides customer support for community queries and requests, facilitates inclusive engagement with our community to support decision making and produces Diversity magazine	3,568 3,614 46
Culture and Capability	Ensures our employees are supported to deliver our services, have access to development opportunities, and are working in a safe and healthy environment	2,261 2,246 (15)
Enterprise Portfolio Management	Ensures Council's projects and programs deliver best value to the community	1,251 1,048 (203)
Governance	Supports good governance by assisting Council to make well informed, open and transparent decisions. Manages freedom of information, maintains records, and ensures robust planning, reporting and risk management Manages civic, commercial and community events	3,167 3,145 (22)
Service and Business Improvement	Supports the organisation to make our services more effective and efficient, and improve the community's experience of Council	3,422 3,392 (30)
Finance and Investments	Ensures effective management and control of Council's financial resources, assets and property	7,266 3,176 (4,090)
Material variation explanations		
Finance: Expenditure was higher than budget due to a \$3 million write down of assets related to capital works upgrade and due to reallocation of internal fleet recovery costs.		

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Results against prescribed service performance indicators and measures

Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Governance			
Transparency Council decisions made at meetings closed to the public [Number of Council resolutions made at Ordinary or Special meetings of Council or at meetings of a special committee consisting only of councillors, closed to the public / Number of Council resolutions] × 100	1.8%	7.3%	Council is committed to transparent and open decision making. In 2015/16, 16 out of 219 Council decisions were made at meetings closed to the public. In 2015/16 there was an increase in confidential decisions, which mainly related to commercial negotiations around the purchase of open space and the Palais Theatre lease. The majority of this information has now been made public by Council.
Consultation and engagement Community satisfaction with community consultation and engagement [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	61	62	Our highly participative community engagement during the year resulted in a one point increase in community satisfaction with our consultation and engagement processes.
Attendance Councillor attendance at Council meetings [The sum of the number of councillors who attended each Ordinary and Special Council meeting / (Number of Ordinary and Special Council meetings) × (Number of councillors elected at the last Council election)] × 100	92.2%	91.9%	Councillors attended a very high proportion of the 23 Ordinary and Special Council meetings held in 2015/16.
Service cost Cost of governance per Councillor [Direct cost of the governance service / Number of councillors elected at the last Council general election]	\$55,333.43	\$59,458.75	The direct cost relates to activities of elected Councillors such as allowances, training and professional development. This increase reflects inflation and conference and training expenses.
Satisfaction Community satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	60	59	Council is committed to engaging with the community on important topics. Although community satisfaction with Council decisions decreased by one point in 2015/16, it is in line with the Melbourne metropolitan average of 59. We will continue to provide consultation opportunities to ensure Council decisions are informed by our community's views.

Service statistics

We provide a range of important services to support the needs of our diverse and changing community, provide for a well governed City and a high performing organisation that puts the community first.

The following statistics highlight some of the services we provided during 2015/16, compared to 2014/15.

Measure	2014/15	2015/16	Trend
Communications and engagement			
Number of projects that we engaged the community on	30	30	Stable
Number of pieces of feedback on the Council Plan and Budget	400	1,000	Increase
ASSIST customer service			
Face to face interactions at Council service centres	43,967	40,217	Decrease
Phone calls answered by ASSIST	111,561	112,913	Increase
Percentage of ASSIST phone calls answered within 30 seconds	76.33	77.65	Increase
Administration tasks handled by ASSIST	55,696	53,335	Decrease
Culture and capability			
Staff alignment score	52%	59%	Increase
Staff engagement score	71%	74%	Increase
Total recordable injury frequency rate (injuries per million work hours)	22.22	19.43	Decrease
Service and business improvement			
Lean Practitioners	20	40	Increase
Staff time saved	1,242 hours	3,401 hours	Increase
Community wait days saved	3,685 days	19,054 days	Increase
Governance			
Legislative breaches	4	9	Increase
Project management			
Proportion of the capital works program delivered on budget	89%	84%	Decrease
Number of capital projects delivered	131	125	Decrease

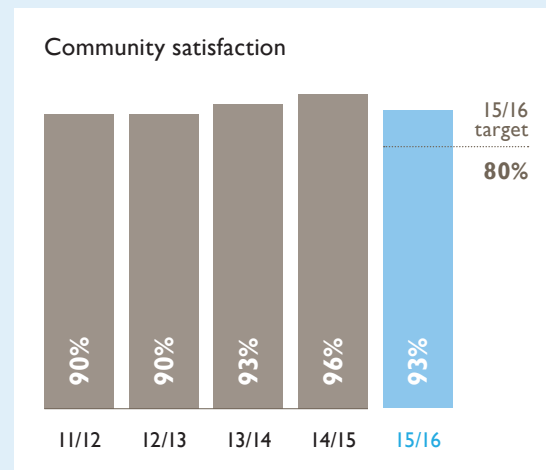
Healthy - a healthy, creative and inclusive City

Our strategic objectives

- 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 our City
- 2.5 Promote an improved range of cultural and leisure opportunities that foster a connected and engaged community

Measures of success

Community satisfaction survey respondents believe that Port Phillip is a welcoming and supportive community for everyone



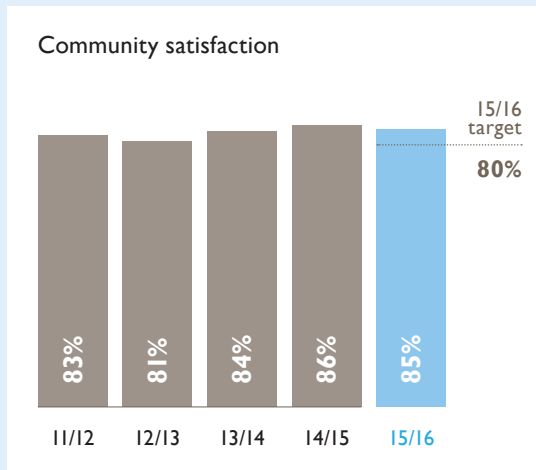
Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 93 per cent against a target of 80 per cent.

In 2015/16, there was a three percentage point decrease in the community rating for how welcoming and supportive they felt Port Phillip was; however, the result remains high and is 13 percentage points above target.

Measures of success

Community satisfaction survey respondents feel a sense of safety and security in Port Phillip



Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 85 per cent against a target of 80 per cent.

While performance remained above target, St Kilda residents provided a 13 per cent lower than average rating. We are investing in closed-circuit television (CCTV) in Fitzroy Street as part of the community crime prevention program.

Local Health and Wellbeing Index

A City of Port Phillip Health and Wellbeing Index was developed to provide easy access to summarised data on indicators related to the health and wellbeing of our community.

The index represents Council's aspirations for individual and community health and wellbeing.

In 2015/16 the index result for the City of Port Phillip was 111, which was higher than the Melbourne Metropolitan average of 100. This was the same result as last year because the majority of results rely on Census data collected by the Australian Bureau of Statistics which are not yet available.

The index provides a vital input into the planning for the next Municipal Public Health and Wellbeing Plan 2017-2021.

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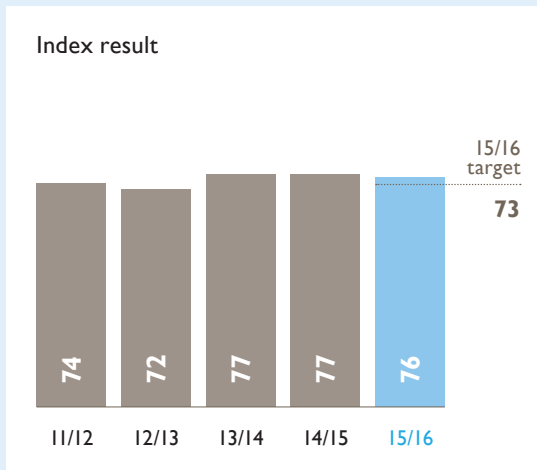
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Community rating of Council's recreation facility performance is consistent with industry benchmarks

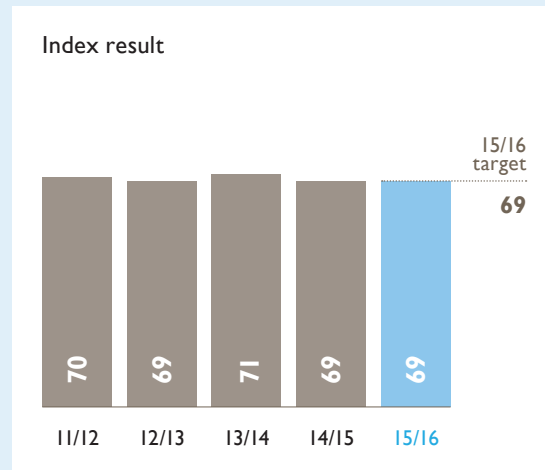


Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 76 against a target of 73, which was the Melbourne metropolitan average.

There was a consistently high rating across all neighbourhoods for satisfaction with recreation facilities, but particularly from residents in Elwood and Ripponlea (100 per cent) and St Kilda Road (99 per cent).

Maintained or improved community rating of Council's performance in the area of family support services



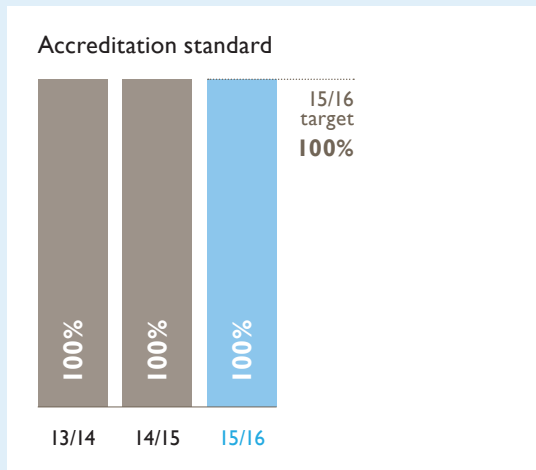
Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 69 against a target of 69.

Council provides an array of services to support families, youth and children, including planning and support for young people, families, childcare, and maternal and child health.

Measures of success

All assessed state-regulated family, youth and children's services meet or exceed accreditation standards

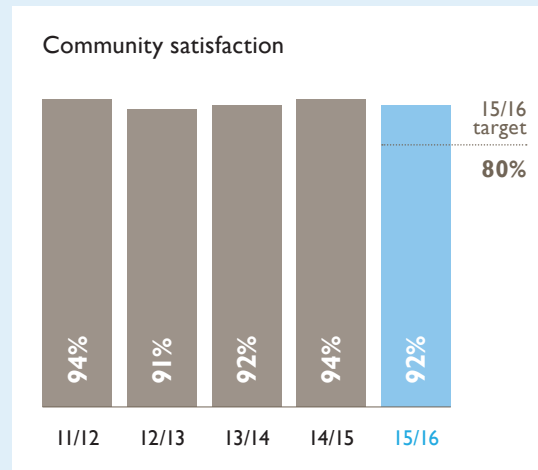


Source: City of Port Phillip Family, Youth and Children's Service records

Council achieved a result of 100 per cent

100 per cent of all Council-operated and state-regulated services are accredited, or have been assessed as meeting or exceeding the quality standard requirements of the previous accreditation standard. The assessment is for three years and 2015/16 is the final year of the assessment. A new assessment will be conducted in 2016/17.

Community satisfaction survey respondents feel they have opportunities to participate in affordable local community events and activities of their choosing



Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 92 per cent against a target of 80 per cent.

There was a two percentage point reduction in satisfaction with affordable local community events; however, the result remains high and is 12 percentage points above target.

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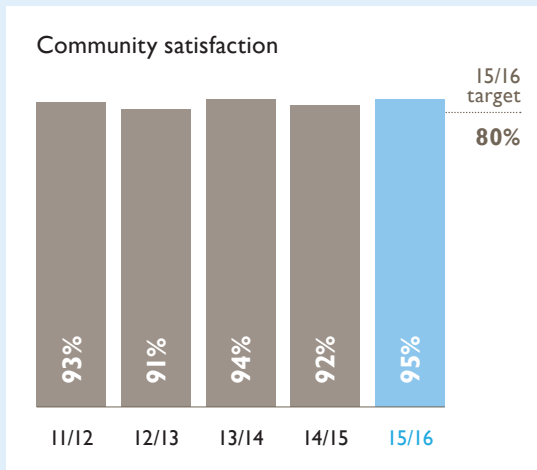
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Community satisfaction survey respondents agree Port Phillip has a culture of creativity, learning and physical activity

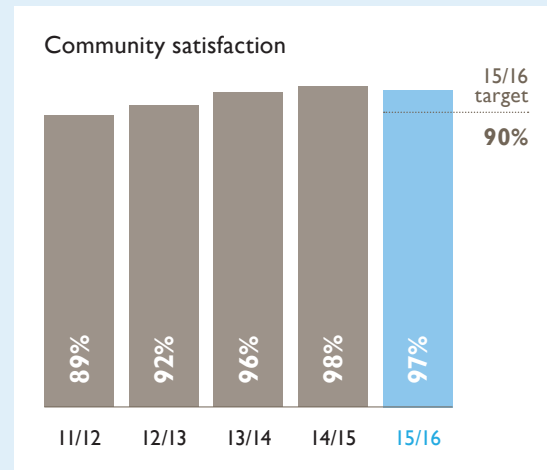


Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 95 per cent against a target of 80 per cent.

There was a three percentage point increase in community agreement that Port Philip has a culture of creativity, learning and physical activity. This was driven by a 99 per cent satisfaction rating by residents from Albert Park and Middle Park.

Maintained or improved community satisfaction with the service performance of our libraries



Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 97 per cent against a target of 90 per cent.

Library performance was very high and seven percentage points above target. The satisfaction rating for the St Kilda Library was slightly lower at 92 per cent; however during the year we improved public wifi speeds across all libraries which was an area of frustration, and are upgrading the heating and cooling systems at the St Kilda Library.

Healthy - a healthy, creative and inclusive City

Progress against major initiatives

Major Initiatives	Progress
<p>JL Murphy Reserve Pavilion upgrade</p> <p>Actual: \$36,000</p> <p>Budget: \$20,000</p>	<p>In 2015/16, Council and clubs focused on understanding the site conditions and developing the concept design for the JL Murphy Reserve Pavilion. Site assessments were completed in October 2015 and the development of design options commenced in February 2016. In June 2016, a revised concept design incorporating feedback from sporting clubs was presented. Future design workshops with the clubs are planned.</p> <p>Council budgeted \$20,000 to carry out some initial investigations. During the year we received confirmation that we were successful in receiving Victorian Government funding based on their election commitments, which resulted in a higher spend than originally budgeted.</p>
<p>Peanut Farm Reserve Pavilion upgrade</p> <p>Actual: \$32,000</p> <p>Budget: \$20,000</p>	<p>The Peanut Farm Pavilion upgrade aims to increase opportunities for female sports participation, and increase health, wellbeing and social inclusion as a result of sports participation. A key focus in 2015/16 was engaging with the community to determine the design requirements that best meet the needs of facility users. The second round of community consultation on the concept design and updated project parameters commenced on 20 June 2016, with project completion expected in late 2017.</p> <p>Council budgeted \$20,000 to carry out some initial investigations. During the year we received confirmation that we were successful in receiving Victorian Government funding based on their election commitments, which resulted in a higher spend than originally budgeted.</p>
<p>St Kilda Life Saving Club</p> <p>Actual: \$1,920,346</p> <p>Budget: \$2,175,000</p>	<p>Work on in-ground services commenced in October 2015, and construction on the internal fitout commenced in June 2016. Temporary facilities were provided along the St Kilda foreshore for club activities and storage during construction.</p> <p>The underspend was due to the project being delayed by technical and weather impacts, which led to a revised completion date of October 2016. Once completed, lifesaving services will resume for the upcoming summer period, enabling visitors and our community to participate in healthy and safe beach activity.</p>
<p>South Melbourne Life Saving Club</p> <p>Actual: \$125,078</p> <p>Budget: \$250,000</p>	<p>Engagement with key stakeholders during the year informed key parameters for the project and the development of a concept design for the new building. The concept design was endorsed by Council on 24 May 2016. The project aims to provide a modern and fit-for-purpose lifesaving facility, increasing life-saving club membership and providing community facilities for the wider community to enjoy.</p> <p>The project underspend in 2015/16 was due to a higher volume of public feedback than anticipated, which required additional time to process, impacting the time to proceed to concept design. Council will carry out further planning and detailed design works in 2016/17.</p>
<p>Fishermans Bend Community Centre upgrade</p> <p>Actual: \$610,729</p> <p>Budget: \$480,000</p>	<p>The Fishermans Bend Community Centre reopened in April 2016 after being revamped and refreshed for Port Phillip residents. Works included upgraded office spaces, new kitchen and toilets, an improved community garden with accessible plots and pathways, and new landscaping. A community open day was held with face painting, live music, games and demonstrations from community groups. Project spend was increased due to changes in the original scope.</p>
<p>Gasworks Arts Park remediation</p> <p>Actual: \$0</p> <p>Budget: \$7,000</p>	<p>Activity in 2015/16 focussed on analysing the contamination risks at Gasworks Arts Park and exploring tree retention options. An independent auditor was appointed by the Victorian Government to oversee the environmental studies being undertaken by consultants appointed by the Department of Treasury and Finance, as part of developing a Contamination Management Action Plan for the site. The funds thought to be required for large scale communication were not required in 2015/16.</p>

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Services we delivered and what they cost

Business area	Description of services	Net cost \$'000 Actual Budget Variance
Access and Ageing	Facilitates independence for older people and those living with a disability by providing in-home support services, social inclusion programs, accessible arts and sports programs and consultation with Council's Older Persons Consultative Committee	2,871 3,614 743
Safety and Amenity	Monitors public swimming pools, registered food premises, accommodation properties, registered hairdressers, tattooists and beauty parlours, and provides an immunisation program and syringe disposal service Ensures community safety by enforcing local laws, responding to nuisance and illegal activity complaints, and encouraging responsible pet ownership through education and registration	2,598 2,720 122
Family, Youth and Children	Funds and directly provides early childhood education and care, and maternal and child health services Provides support for families and young people through programs, facilities and case management services for vulnerable families	5,774 7,134 1,360
Community Health and Service Planning	Supports inclusion for all people in our diverse community regardless of age, ethnicity, gender identity, sexuality, faith or socioeconomic status, by working with community organisations and through planning, programs, grants and facilities	2,444 2,613 169
Public Space	Maintains and manages our open spaces including the foreshore, parks, gardens, reserves, sporting fields and streetscapes Activates public space with permitted recreation, cultural and community events Plans, designs and delivers open space capital works and renewals	365 477 112
Vibrant & Creative City (formerly Arts and Culture)	Responsible for supporting Joint Council Access for All Abilities (JCAAA) recreation and arts program Provides branch and in-home library services, including technology, literacy and lifelong learning programs Supports access to art, culture and heritage experiences Delivers festivals and operate and support markets in our City During the year this unit was created by combining City Growth and Arts and Culture into the Vibrant and Creative City department	8,420 8,484 64

Material variation explanations

Family, youth and children: Lower expenditure than budgeted due to infrastructure levy transferred to reserve, the Poets Grove Kindergarten becoming a licensee in its own right, and the addition of bad and doubtful debt credit adjustments.

During the year part of City Growth was combined with Arts and Culture to form the new Vibrant and Creative City department. Their original budgets were distributed between the Vibrant and Creative City department and the Strategy and Growth department.

Healthy - a healthy, creative and inclusive City

Results for local government performance reporting measures

Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Home and Community Care (HACC)			
Timeliness Time taken to commence the HACC service [Number of days between the referral of a new client and commencement of HACC service / Number of new clients who have received a HACC service]	-	30.1 days	The reason for the result falling outside of the upper range is that there a number of clients who require a large number of days to access the service. The range for a single client is from less than a day to 98 days.
Service standard Compliance with Community Care Common Standards [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x 100	94%	94%	Council complied with 17 out of 18 required standards for the delivery of HACC services at the last audit. We have since addressed all requirements and are progressing well on additional recommendations.
Service cost Cost of domestic care service per hour [Cost of the domestic care service / Hours of domestic care service delivered]	-	\$58.05	2015/16 is the first year that the cost of domestic care service has been reported. This includes salaries for homecare workers delivering domestic assistance, and costs such as training and development.
Cost of personal care service per hour [Cost of the personal care service / Hours of personal care service delivered]	-	\$58.47	2015/16 is the first year that the cost of personal care service has been reported. This includes salaries for homecare workers delivering personal care, and costs such as training and development.
Cost of respite care service per hour [Cost of the respite care service / Hours of respite care service delivered]	-	\$60.28	2015/16 is the first year that the cost of respite care services has been reported. This includes salaries for homecare workers delivering respite services, and costs such as training and development.
Participation Participation of in HACC services [Number of people that received a HACC service / Municipal target population for HACC services] x 100	22.2%	20.2%	This result reflects Council's delivery of domestic assistance, personal care or respite services to our community. Fewer community members received these services from Council in 2015/16 due to decreased demand. During the year Council also provided meal preparation, home maintenance services and shopping services for residents in need.
Participation of in HACC services by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100	16.8%	14.7%	This result reflects Council's delivery of domestic assistance, personal care or respite services to our culturally and linguistically diverse (CALD) community. Fewer CALD community members received these services from Council in 2015/16 due to decreased demand.

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Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Maternal and child health (MCH)			
Satisfaction Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x 100	104.4%	103.9%	The greater than 100 per cent result was due to a greater number of visits than birth notifications because around 50 babies born late last financial year received a visit this financial year. In 2015/16, 1,415 parents participated in first MCH home visits. The majority of our first visits occurred within ten days of birth.
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	99.8%	99.8%	Council enrolled 1,359 infants in our MCH service at the first home visit in 2015/16, out of 1,362 birth notifications. The remaining three infants received a visit at the start of the 2016/17 year.
Service cost Cost of the MCH service per hour [Cost of the MCH service / Hours worked by MCH nurses]	-	\$73.37	2015/16 is the first year that the cost of the MCH service has been reported. This includes salaries for nurses delivering maternal and child health services, and costs such as training and development.
Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	83.6%	84.2%	There was a slight increase in participation in key ages and stages visits due to increased demand. Families can participate through our MCH centres every weekday as well as two Saturday mornings per month. We also provide an outreach service in homes, childcare centres and kindergartens.
Participation in MCH service by Aboriginal children [Number of ATSI children who attend the MCH service at least once (in the year) / Number of ATSI children enrolled in the MCH service] x 100	69.1%	87.2%	The 18 per cent increase in participation was due to data improvements which allowed us to ensure Aboriginal children are accurately identified in the system and this enabled us to support more Aboriginal families to attend timely key age and stage visits.

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Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Libraries			
Utilisation Number of times a library resource is borrowed [Number of library collection item loans / Number of library collection items]	4.8	4.8	Community members access printed material and digital material at our five library branches and via our home library service. During the year we made over one million loans and library collection usage has slightly increased compared to last years result. However, the result remains lower than similar councils due to overall demand.
Resource standard Proportion of library resources less than five years old [Number of library collection items purchased in the last five years / Number of library collection items] x 100	46%	47%	Council has just over 208,000 library collection items available at our five library branches and via our home library service. The 2014/15 figure was incorrect and has been updated to reflect the accurate result.
Service cost Cost of library service per visit [Direct cost of library service / Number of visits]	\$5.76	\$6.13	The cost of Council's library service has increased since last year due to a combination of higher costs due to inflation and a reduction in visits. During the year there were 670,210 visits to our libraries.
Participation Active library members in municipality (Percentage of the municipal population who are active library users) [Number of active library members / Municipal population] x 100	20.1%	19.4%	Council had fewer people borrowing library items in 2015/16. This reflected decreased demand and the closure of the Middle Park library during August for renovations.
Animal management			
Timeliness Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / number of animal management requests]	1.0 day	1.0 day	Council responded quickly to animal management requests. All requests received an initial response within one day.
Service standard Animals reclaimed from Council [Number of animals reclaimed / number of animals collected] x 100	55%	59%	In 2015/16, Council collected a higher number of animals compared to 2014/15, and a higher proportion of these were returned to their owners.
Service cost Cost of animal management service per registered animal [Direct cost of the animal management service / number of registered animals]	\$74.30	\$75.10	The City of Port Phillip provides an extra 24 hour on-call service, which many other Councils do not offer. We also manage additional animals on beaches belonging to visitors. Currently we do not have the appropriate space to manage an onsite pound and therefore contract this service out to the Lost Dogs' Home.
Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	4	5	There were five animal management prosecutions during 2015/16. This represents a 100 per cent success rate. This does not include prosecutions relating to unpaid fines.

Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Food safety			
Timeliness Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.8 days	1.8 days	Council endeavours to investigate most food complaints on the same day they were received.
Service standard Percentage of required food safety assessments undertaken [Number of registered Class 1 food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered Class 1 food premises and Class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i>] × 100	100%	100%	All of our registered Class 1 and Class 2 food premises received an annual food safety assessment in accordance with the <i>Food Act 1984</i> .
Service cost Cost of food safety service per premises [Direct costs of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]	\$550.32	\$547.92	This result shows the average cost of our food safety service. The reduction in cost is due to the increase in the number of food premises registered or notified in accordance with the Food Act being proportionally higher than the increase in costs.
Health and safety Percentage of critical and major non-compliance outcome notifications followed up by Council [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] × 100	95.6%	99.1%	During the year nearly all food safety critical and major non-compliance notifications were followed up by Council.

Healthy - a healthy, creative and inclusive City

Service statistics

We provide a range of important services to support the needs of our diverse and changing community, and provide for a healthy, creative and inclusive City.

The following statistics highlight some of the services we provided during 2015/16, compared to 2014/15.

Measure	2014/15	2015/16	Trend
Maternal and child health services			
Birth notifications received	1,255	1,362	Increase ↑
Community immunisation sessions held	79	80	Increase ↑
Infants and children attending immunisation sessions	2,784	2,952	Increase ↑
Childcare			
Total places across the City	1,530	1,620	Increase ↑
Council managed places	318	318	Stable →
- Bubup Nairn Family and Children's Centre	116	116	Stable →
- Clark Street Children's Centre	65	65	Stable →
- Coventry Children's Centre	60	60	Stable →
- North St Kilda Children's Centre	77	77	Stable →
Community managed places	446	483	Increase ↑
Commercial managed places	766	819	Increase ↑
Family support			
Received in government grants	\$238,372	\$250,208	Increase ↑
Target hours provided	2,565	2,729	Increase ↑
Young people			
Young people accessing youth programs that are run or funded by Council	8,178	26,359	Increase ↑
Aged and disability services			
Enrolments in JCAAA (Joint Councils Access for All Abilities) program	141	142	Increase ↑
Home care			
Active home care clients	1,991	1,973	Decrease ↓
Hours of general home care	26,758	27,902	Increase ↑
Hours of meal preparation	432	284	Decrease ↓
Significant trend variations:			
The increases in the reported number of young people accessing youth programs was due to a new service delivery model and improved data collection and reporting.			

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Hours of personal care	6,788	6,556	Decrease	↓
Hours of home maintenance service	4,003	3,413	Decrease	↓
Hours of respite care	8,647	7,356	Decrease	↓
Hours of shopping services	9,051	8,373	Decrease	↓
Hours of core social support	7,958	9,204	Increase	↑
Hours of high priority social support	10,270	9,183	Decrease	↓

Community meals

Meals delivered	33,321	31,321	Decrease	↓
Meals provided at centres	4,467	3,798	Decrease	↓
Meals subsidised	80,679	80,037	Decrease	↓

Community transport

Community bus trips	3,380	1,352	Decrease	↓
Passengers who used the service	32,845	33,150	Increase	↑

Volunteers

Community access volunteers	23	15	Decrease	↓
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Libraries

Loans made at our five library branches	795,928	748,524	Decrease	↓
- St Kilda Library	508,567	466,661	Decrease	↓
- Albert Park Library	127,551	123,029	Decrease	↓
- Emerald Hill Library & Heritage Centre	44,360	42,736	Decrease	↓
- Middle Park Library	15,365	10,833	Decrease	↓
- Port Melbourne Library	100,085	105,265	Increase	↑
Inter-library loans	5,526	4,082	Decrease	↓
Total library visits	677,194	670,179	Decrease	↓
Programs run	530	442	Decrease	↓
Attendees at our programs	43,769	35,619	Decrease	↓
New books added to the collection	19,732	19,866	Increase	↑

Arts and Festivals

Filming permits issued	252	290	Increase	↑
Attendance at St Kilda Festival	420,000	450,000	Increase	↑

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Sports facilities

Bookings across 15 sporting reserves	4,487	3,871	Decrease	↓
- Peanut Farm Oval	580	481	Decrease	↓
- Alma Park Oval	216	209	Decrease	↓
- North Port Oval	333	266	Decrease	↓
- Elwood Primary School Oval	48	26	Decrease	↓
- Wattie Watson Oval, Elwood Reserve	392	248	Decrease	↓
- Esplanade Oval / cricket ground, Elwood Reserve	294	263	Decrease	↓
- Head Street cricket ground A, Elwood Reserve	329	237	Decrease	↓
- Head Street cricket ground B, Elwood Reserve	266	236	Decrease	↓
- Lagoon Oval, JL Murphy Reserve	522	466	Decrease	↓
- Anderson Oval 1, JL Murphy Reserve	364	364	Stable	→
- Anderson Oval 2, JL Murphy Reserve	364	364	Stable	→
- G.S. Williams Oval, JL Murphy Reserve	221	162	Decrease	↓
- A.T. Aanenson Oval, JL Murphy Reserve	308	152	Decrease	↓
- Community Soccer Field, JL Murphy Reserve		152	New	
- J.M. Woodruff Oval, JL Murphy Reserve	250	245	Decrease	↓

Community centres

Community centres	12	12	Stable	→
Visits	194,295	172,590	Decrease	↓
Bookings	11,721	11,506	Decrease	↓
Casual hires	1,232	1,071	Decrease	↓

Events

Weddings held in our parks and open spaces	103	88	Decrease	↓
Community events held in our parks and open spaces	38	20	Decrease	↓
Community events in Council halls	48	69	Increase	↑

Food safety

Inspections of registered premises	2,822	2,734	Decrease	↓
Food premises complaints	185	217	Increase	↑
Food samples analysed	268	218	Decrease	↓

Health services

Prescribed accommodation inspections conducted	97	91	Decrease	↓
Hairdresser, tattooist and beauty parlour inspections conducted	268	132	Decrease	↓
Syringes collected and discarded through syringe disposal containers and the Community Clean-up program	19,584	22,021	Increase	↑
Public health nuisances reviewed	239	275	Increase	↑

Animal management

Animal registrations	8,072	8,279	Increase	↑
Dogs impounded	129	142	Increase	↑
Cats impounded	120	132	Increase	↑
Reported cases of stray cats (feral or trespassing)	111	97	Decrease	↓
Reported cases of stray dogs (wandering at large)	88	73	Decrease	↓
Reported cases of dog attacks	72	99	Increase	↑
Reported cases of barking dogs	285	278	Decrease	↓

Local laws

Litter investigation requests	867	550	Decrease	↓
Unightly property complaints	152	122	Decrease	↓
Local law infringement notices issued	389	487	Increase	↑

Parking management

Abandoned vehicles	1,476	1,489	Increase	↑
Disabled parking permit issued - Blue	1,179	1,236	Increase	↑
Disabled parking permit issued - Green	217	120	Decrease	↓
Resident parking permits issued	6,710	7,646	Increase	↑
Foreshore permits issued	2,567	2,527	Decrease	↓
Combined permits issued	7,068	7,016	Decrease	↓
Community service permits issued	1,133	1,301	Increase	↑
Visitor parking permits issued	10,724	11,486	Increase	↑
Parking enforcement infringements issued	147,647	158,376	Increase	↑
Parking complaints (officer)	33	17	Decrease	↓

Significant trend variations:

Hairdresser, tattooist and beauty parlour inspections are conducted across a calendar year to match the registration period. In 2016 more inspections were carried out in July, so will be reflected in next year's Annual Report.

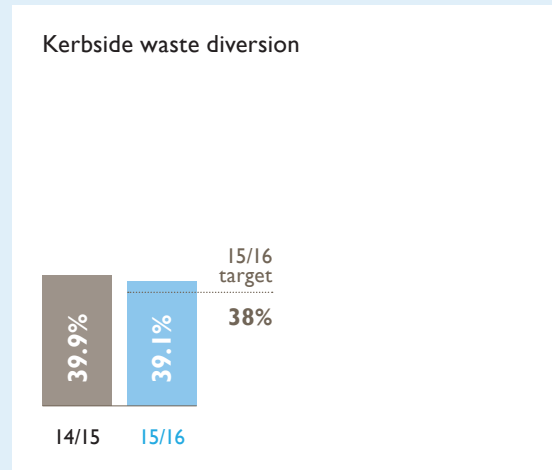
Resilient - a strong, innovative and adaptive City

Strategic objectives

- 3.1 Build resilience through our actions and leadership
- 3.2 Support and increase community action for a resilient City

Measures of success

Kerbside waste diversion from landfill rate consistent with like councils



Source: Port Phillip waste and recycling collection data

Council achieved an annual result of 39.1 per cent against a target to divert 38 per cent of the City's waste from landfill.

This measure includes waste diverted at transfer stations. When excluding transfer stations to measure kerbside waste collection only, the City diverted 34.1 per cent of recycling from landfill.

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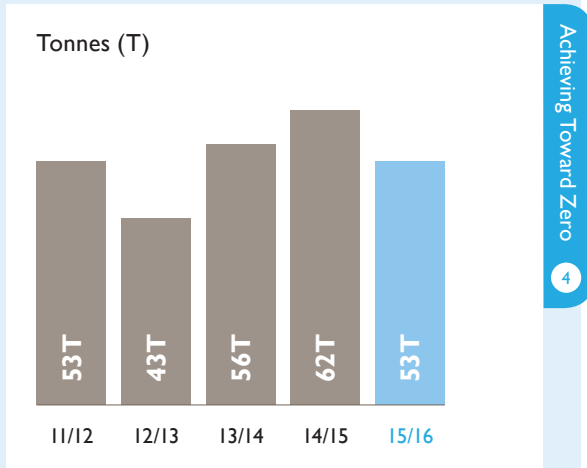
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Reduction in waste collected from council buildings

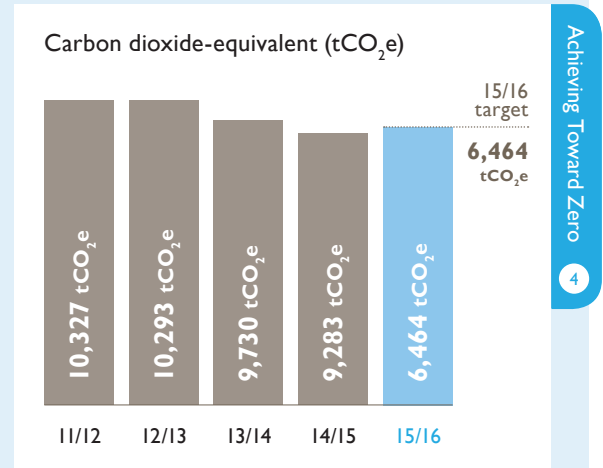


Source: Extrapolated amount per year, as calculated in the City of Port Phillip Waste Audit and Greenhouse Emissions Report

Waste collected from council buildings has decreased 18 per cent compared to last year.

See **Chapter Four Toward Zero** for activity to improve waste management and resource recovery during 2015/16. Council is reviewing its methodology for 2016/17 to implement a more robust auditing methodology, which will provide a more complete picture of Council waste and the recovery of items, such as soft plastics, batteries, electrical waste and others.

Reduction in Council's total net greenhouse gas emissions per annum



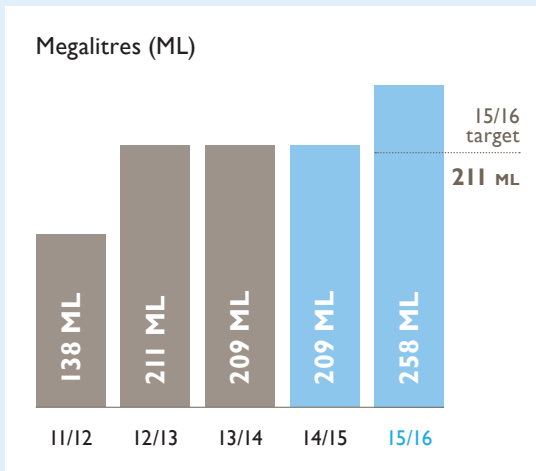
Source: City of Port Phillip energy and water consumption and greenhouse gas emissions inventory

Council achieved its target of 6,464 tCO₂e.

This result was due to a combination of emissions reductions and the purchase of carbon offset credits. During the year we reduced St Kilda Town Hall's electricity and gas usage by 28 per cent and 23 per cent respectively, compared to 2014/15 levels. Streetlight emissions across Port Phillip were reduced by 15 per cent.

Measures of success

Achievement of Council's total potable water consumption target for the year



Source: City of Port Phillip energy and water consumption and greenhouse gas emissions inventory

Council achieved a result of 258 megalitres (ML) against a target to reduce Council's potable water consumption to 211 ML per annum.

Council's result this year was 23 per cent higher than last year due to an increase in new public open spaces requiring irrigation and low rainfall conditions over the last two years.

Progress towards Council's use of alternative water source targets

In 2015/16 Council made progress towards our alternative water source target of five megalitres (ML), harvesting 1.68 ML from alternative water sources. The first delivery of harvested water from the Elwood / Elsternwick Stormwater Harvesting Scheme occurred in January 2016, following a delay due to pump system issues. See **Chapter 4 Achieving Toward Zero** for Council actions to reduce potable water use and increase alternative water sources by 2020.

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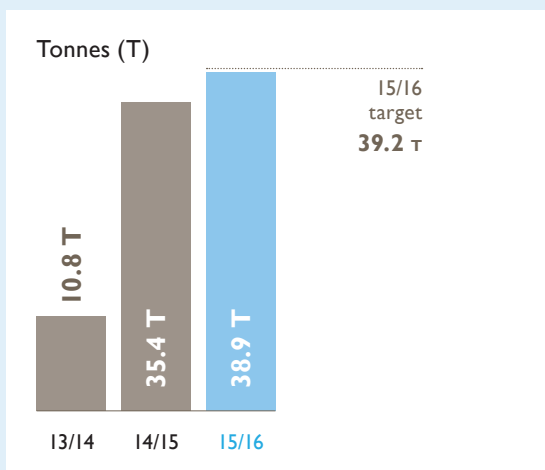
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Progress towards stormwater quality targets



Source: Estimated from project modelling reports

Council made progress towards our stormwater quality targets, capturing an estimated pollutant load of 38.9 tonnes against a target of 39.2 tonnes of total suspended solids.

Council's Water Plan sets targets for stormwater pollutant reduction, and is delivered through an annual raingardens capital works program. During the year, six new raingardens were installed across the City, collecting 3.7 tonnes of total suspended solids before they entered Port Phillip Bay. This would equate to an estimated potential annual cumulative pollutant load of 38.9 tonnes in 2015/16.

Percentage of participants in Council environment programs who report taking action as a result of their involvement

We aim to measure the proportion of participants in Council environment programs who report taking action as a result of their involvement. In 2015/16, 8,274 people participated in Council-run sustainability programs. We surveyed participants following our popular Sustainability Community Action Network (SCAN) events and found that 79 per cent of participants reported taking action as a result of their involvement in our programs.

Resilient - a strong, innovative and adaptive City

Progress against major initiatives

Major Initiatives	Progress
<p>Environmental building retrofits program</p> <p>Actual: \$300,845</p> <p>Budget: \$760,000</p>	<p>Following a tender process, construction of the St Kilda Town Hall solar array commenced in May 2016 and will be completed in 2016/17. This project is a step towards reducing greenhouse gas emissions.</p> <p>Project underspend in 2015/16 was due to a delay while a thorough assessment for roof safety was conducted. The remaining work will be delivered in 2016/17.</p> <p>There was also a delay to installing solar on the South Melbourne Market due to regulatory issues, which will be addressed during 2016/17.</p>
<p>Water sensitive urban design implementation</p> <p>Actual: \$398,753</p> <p>Budget: \$400,000</p>	<p>This major initiative delivered raingardens across the City in Nott and Farrell streets (Port Melbourne) and Perrins Street (South Melbourne). A number of sites were also identified, and detailed designs developed, to guide future project delivery. These projects are helping achieve stormwater targets and reduce the impact of stormwater pollution on the bay. Other initiatives delivered outside of this funding provided complementary outcomes.</p>
<p>Albert Park Lake Stormwater Harvesting</p> <p>Actual: \$200,000</p> <p>Budget: \$200,000</p>	<p>In 2015/16, Council officers provided technical advice and project governance to support development of a business case, managed and led by Parks Victoria, to determine the design and viability of a stormwater harvesting project at Albert Park Lake.</p>

Services we delivered and what they cost

Business area	Description of services	Net cost \$'000 Actual Budget Variance
Finance and Investments	Responsible for Council's fleet management	(391) (577) (186)
Asset Planning and Property	Ensures effective management and control of Council's financial assets and property	1,054 1,154 100
Sustainability	Reduces Council and community impact on the environment through policy, capital delivery, behaviour change programs and advocacy	1,736 1,372 (364)
Community Relations	Informs our community about the services available to them, provide customer support for community queries and requests, facilitate inclusive engagement with our community to support decision making and produce Divercity magazine	79 111 32

Note that Maintenance and Renewal costs for delivering waste and recycling services are identified in the next section under Vibrant.

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Results for local government performance reporting measures






Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Waste collection			
Satisfaction Kerbside bin collection requests per 1,000 households [Number of kerbside garbage and recycling bin collection requests / Number of kerbside collection households] x 1,000	49	34	The City of Port Phillip has a low number of requests, indicating satisfaction with our kerbside collection system. In 2015/16, increased inspections and performance monitoring of the kerbside bin collection contract resulted in fewer requests.
Service standard Kerbside collection bins missed per 10,000 bin lifts [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bins lifts] x 10,000	6	3	The City of Port Phillip has a low number of missed kerbside collection bins. In 2015/16, increased inspections and performance monitoring of the kerbside bin collection contract resulted in fewer missed bins.
Service cost Cost of kerbside garbage bin collection service per bin [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$75.10	\$72.89	During the year we gathered more accurate information on the cost of tipping fees. The original 2014/15 published result of \$65.61 was calculated with the incorrect tipping fees.
Cost of kerbside recyclables collection service per bin [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$32.00	\$33.93	Council collects kerbside recycling bins weekly from approximately 69,829 households. The cost of our kerbside recyclables collection service per bin per year includes weekly collection and disposal costs.
Waste diversion Kerbside collection waste diverted from landfill [Number of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	34.5%	34.1%	This result measures the proportion of recyclables collected from kerbside that is diverted from landfill. When waste diverted at transfer stations is included our result is 39.14 per cent.

Resilient - a strong, innovative and adaptive City

Service statistics

We provide a range of important services to support the needs of our diverse and changing community.

The following statistics highlight some of the services we provided during 2015/16, compared to 2014/15.

Measure	2014/15	2015/16	Trend
Waste management			
Waste bins collected each week	38,582	38,749	Increase 
Recycling bins collected each week	34,355	34,626	Increase 
Hard and green waste collections	15,102	15,682	Increase 
Bulk rubbish container (skip bin) permits issued	2,349	2,333	Decrease 
Sustainability			
Participants in Council-run sustainability programs	7,573	8,274	Increase 

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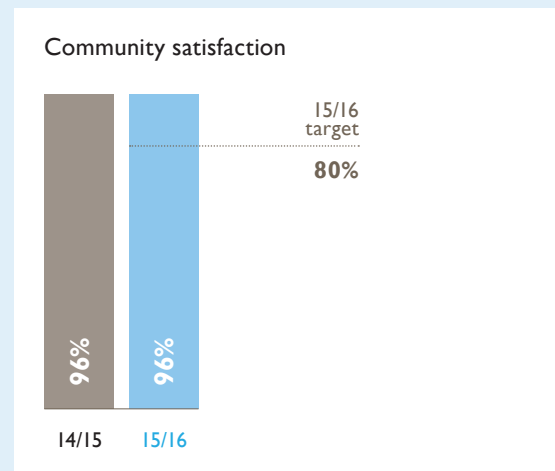
Vibrant - a liveable and connected City

Strategic objectives

- 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

Measures of success

Community satisfaction survey respondents agree their local area is vibrant, accessible and engaging



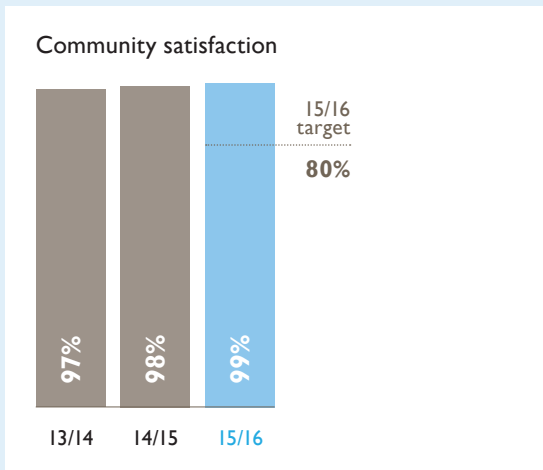
Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 96 per cent against a target of 80 per cent.

Community satisfaction related to the vibrancy, accessibility and engagement of Port Phillip remained stable in 2015/16.

Measures of success

Community satisfaction survey respondents believe South Melbourne Market is a significant benefit to residents

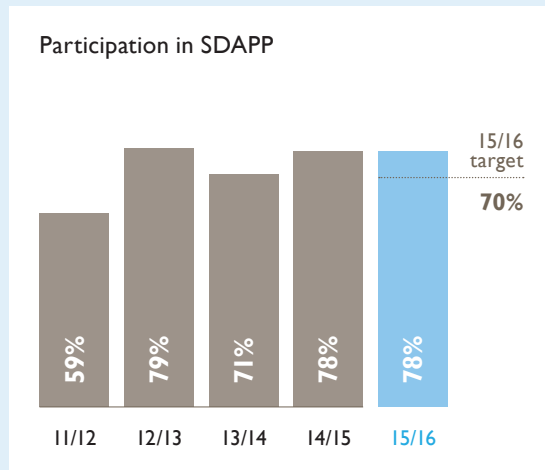


Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 99 per cent against a target of 80 per cent.

There was a one percentage point increase in the community's belief that South Melbourne Market is a significant benefit to residents. This result was driven by 100 per cent satisfaction ratings from Port Melbourne, Albert Park, Middle Park and St Kilda residents.

Increased number of planning permit applicants participating in the Sustainable Design Assessment in the Planning Process (SDAPP) program within Port Phillip



Note: Methodology changed during 2014/15
Source: Port Phillip planning system

Council achieved a result of 78 per cent of eligible planning permit applications participating in SDAPP against a target of 70 per cent.

The proportion of planning applications with sustainable design criteria remained stable in 2015/16. See **Chapter Four Toward Zero** for Council actions to improve sustainable design by 2020. Note that from 2014/15 we revised our approach to measure the proportion of completed planning applications that participated in the SDAPP program, against completed eligible applications.

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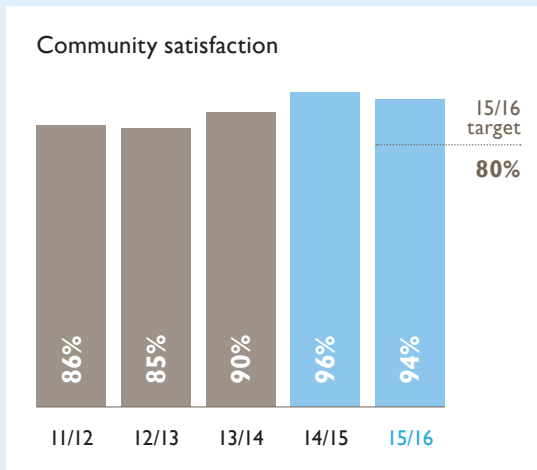
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Community satisfaction survey respondents are satisfied with the quality of parks and open space

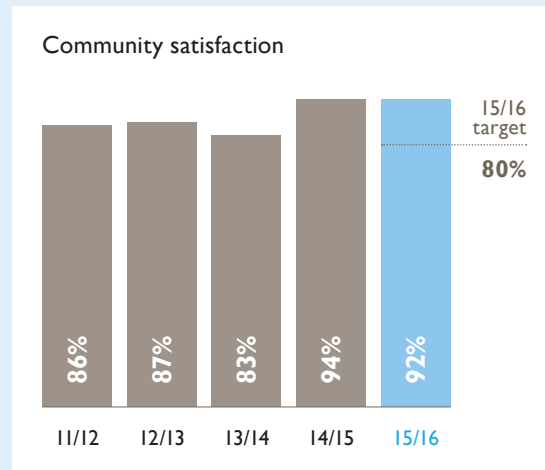


Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 94 per cent against a target of 80 per cent.

There was a two percentage point decrease in community satisfaction with the quality of Port Phillip's parks and open spaces; however, the result remains high and is 14 percentage points above target.

Community satisfaction survey respondents are satisfied with the quality of beach cleaning



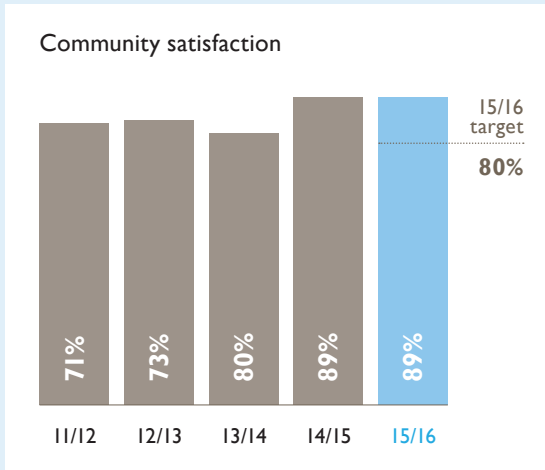
Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 92 per cent against a target of 80 per cent.

There was a two percentage point decrease in community satisfaction with beach cleaning; however, the result remains high and is 12 percentage points above target.

Measures of success

Community satisfaction survey respondents are satisfied with the quality of street cleaning

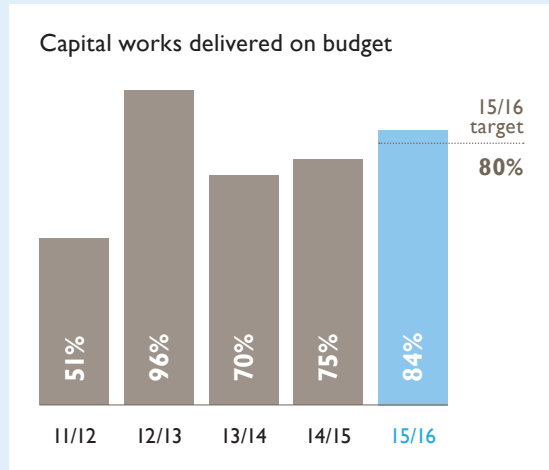


Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 89 per cent against a target of 80 per cent.

Community satisfaction with the quality of street cleaning in 2015/16 remained stable and is nine percentage points above target.

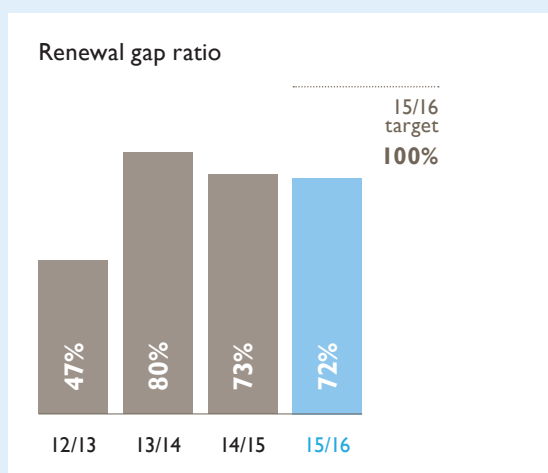
The proportion of the capital works program delivered on budget



Source: City of Port Phillip financial systems reports

Council achieved a result of 84 per cent of budgeted capital works spent against a target of 80 per cent.

Renewal gap ratio - difference between rate of spending on assets and asset depreciation



Source: City of Port Phillip financial systems reports

Council achieved a result of 72 per cent of the renewal gap ratio against a target of 100 per cent.

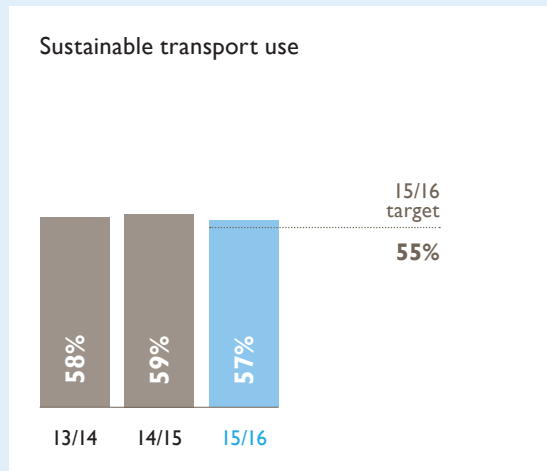
Council's asset renewal ratio slightly declined in 2015/16 primarily due to:

- \$3 million increase in depreciation compared to the Budget 2015/16 as a result of asset revaluation particularly for roads and parks assets
- \$1.5 million in project savings particularly in relation to the major civil renewals program, representing our ability to renew some assets for less than the budgeted amount
- \$2.3 million deferral for the Palais Theatre refurbishment, which is still on track to be completed as planned in February 2017
- deferral of funds for partially completed projects, such as Beacon Cove marine asset renewal and replacement of the South Melbourne Market rooftop crash barrier.

During the year we delivered all of our transport, stormwater, lighting and open space renewal budgets. We also delivered our entire building and land asset renewal budget when the Palais Theatre is excluded. We expect the renewal ratio to be closer to 100 per cent in 2016/17 and are currently reviewing our asset management plans, processes, system and capability as an organisational priority.

Measures of success

Increased reported community use of sustainable options as their main mode of transport

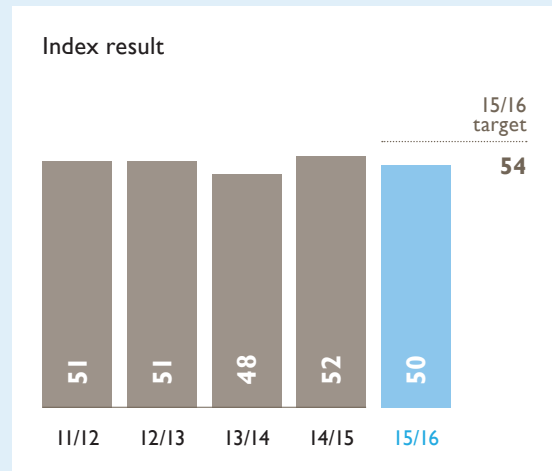


Source: City of Port Phillip Community Satisfaction surveys

Council achieved an average annual result of 57 per cent against a target of 55 per cent.

There was a two percentage point decrease in the use of sustainable transport options as the main form of transport in Port Phillip. Council encouraged low emissions travel and improved safety for pedestrians and bike riders during the year including the installation of 2.5 kilometres of on-road bike lanes. Victorian Government work to remove level crossings, which has resulted in temporary closures to some train lines, may have impacted this result.

Community satisfaction with parking management is consistent with industry benchmarks



Source: Local Government Victoria Community Satisfaction Survey 2016

Council achieved an index result of 50 against a target of 54, which is the Melbourne metropolitan average.

There was a two point decrease in community satisfaction with parking management. To address this Council is developing its Integrated Transport Strategy, which will provide a holistic and coordinated approach to the transport challenges facing Port Phillip, including management of car parking. Council has recognised the strategic policy intent and methodology for paid parking within neighbourhoods and villages warrants review, as it has been over 15 years since this was first established.

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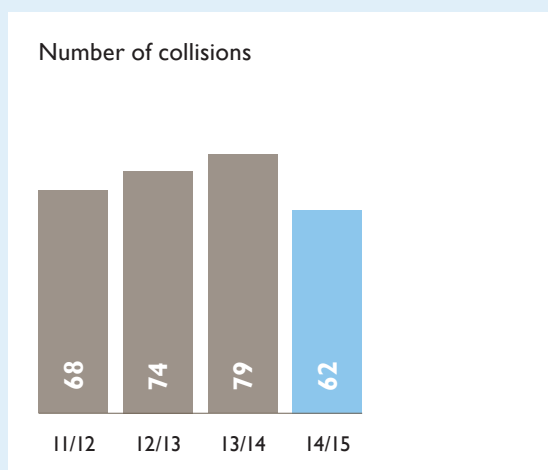
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Reduction in the number of serious traffic collisions involving pedestrians, bicycle riders and motorcyclists



Source: VicRoads Crashstats report

The most recent result for 2014/15 was a 22 per cent reduction in pedestrians, bicycle riders and motorcyclists involved in serious traffic collisions compared with the previous year.

This result is only available one year in arrears due to the time taken to process and supply the information to Council from external agencies. The 2014/15 result was 22 per cent lower than previous years. In 2015/16 Council continued to progress initiatives to enhance the quality and safety for bike riding and walking, including engaging with VicRoads to improve the St Kilda Road corridor, remediating two blackspots in Albert Park and Elwood, and engaging with local primary schools to support safe walking and bike riding to school.

Vibrant - a liveable and connected City

Progress against major initiatives

Major Initiatives	Progress
<p>Palais Theatre</p> <p>Capital works - Actual: \$1,226,143</p> <p>Capital works - Budget: \$3,500,000</p> <p>Lease - Actual: \$462,990</p> <p>Lease - Budget: \$260,000</p>	<p>Critical maintenance and refurbishment works for the iconic Palais Theatre and obtaining a long term tenant was the focus of 2015/16.</p> <p>A funding agreement was reached between the City of Port Phillip and Department of Environment, Land, Water and Planning for Major Projects Victoria to deliver the jointly funded Palais Theatre restoration works. Council committed \$7.5 million and the Victorian Government committed \$13.4 million. A Strategic Works Plan (SWP) was developed by Council and approved by State Government. The SWP detailed the works required to undertake building repairs and achieve a minimum acceptable compliance within current standards.</p> <p>Delivery of Phase 1 and 2 of the capital works program commenced in June 2016 and will continue in 2016/17. This will address maintenance and compliance issues to ensure continued operations of the theatre as a live music venue. The project underspend in 2015/16 is due to changes in expenditure timings following detailed works program development. This work will be carried out in 2016/17.</p> <p>During the year, a robust tender process was conducted to appoint a long term tenant and to secure the continued operation of the Palais as a live performance venue. A new tenant was appointed and the new lease will come into effect in 2017. The spend was increased to cover due diligence, in depth lease negotiation and to support implementation and transition to the new lease.</p>
<p>St Kilda Triangle</p> <p>Actual: \$995,767</p> <p>Budget: \$700,000</p>	<p>In 2015/16, Council focused on engagement to co-design with the community and Victorian Government a St Kilda Triangle Masterplan. Several co-design workshops took place throughout the year to inform the final design of the Masterplan, adopted by Council on 22 March 2016.</p> <p>The increased spend was used to investigate options to attract state funded cultural facilities for the site.</p>
<p>Vibrant Villages program</p> <p>Actual: \$279,259</p> <p>Budget: \$235,000</p>	<p>In year two of our Vibrant Villages program we activated our villages through a number of initiatives to foster support for prosperous, attractive and welcoming places. In 2015/16, we supported the Garden City 1945 event; celebrated book sharing through workshops with the Port Phillip Men's Shed Association to develop Little Free Libraries; delivered 11 street art projects across the City, including the entrance to Balaclava Station; and, beautified the public space in front of the South Melbourne Town Hall.</p> <p>The spend was increased to include a measurement and evaluation framework.</p>

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Major Initiatives	Progress
<p>Acland Street upgrade</p> <p>Actual: \$659,427</p> <p>Budget: \$245,000</p>	<p>Council endorsed the Acland Street Streetscape Framework Plan following public consultation in partnership with PTV and Yarra Trams, which attracted more than 1,500 responses. A wide range of views were received, including community agreement that the streetscape framework plan captured the essence of St Kilda. The plan incorporates vibrant public space for performers and pop-ups, and an accessible tram terminus with no steps between walkways and alfresco dining areas.</p> <p>The increase was due to the additional design and civil engineering work as well as communications and engagement activities to accommodate the PTV and Yarra Trams schedule in implementing a super-stop in Acland Street which was not in the original project scope.</p>
<p>Fitzroy Street streetscape</p> <p>Actual: \$1,298,807</p> <p>Budget: \$1,359,000</p>	<p>Work on Fitzroy Street in 2015/16 focused on the completion of the streetscape upgrade. New paving, palm trees and public artwork were installed along the street during November 2015. The upgrade promotes a more open, inclusive space for the community to enjoy.</p>
<p>Queens Lane upgrade</p> <p>Actual: \$75,774</p> <p>Budget: \$200,000</p>	<p>During 2015/16, Council focused its efforts on improving congestion on Queens Lane. Council identified several initiatives aimed at improving amenity, increasing safety for all road users and improving congestion at peak times. Proposed traffic options were presented for community feedback through Council's Have Your Say website and two community drop-in sessions.</p> <p>The project will span multiple years and therefore the 2015/16 budget was reduced to \$80,000 with \$120,000 deferred until 2016/17.</p>
<p>Wellington Street upgrade</p> <p>Actual: \$221,763</p> <p>Budget: \$200,000</p>	<p>The focus for Wellington Street in 2015/16 was improving intersection design, improving crossing safety and tree planting. Community feedback informed the final concept design in December 2015. Works commenced in March 2016 and finished on 7 July 2016. Officers continue to evaluate the success of the project based on traffic behaviours and community feedback.</p> <p>Project spend was increased to enable delivery of improvements to the Upton Road intersection.</p>
<p>Middle Park Beach renourishment</p> <p>Actual: \$1,051,630</p> <p>Budget: \$1,000,000</p>	<p>This project replaced sand at Middle Park Beach to reduce erosion and increase the width of the beach to improve recreational use for the whole community.</p>

Vibrant - a liveable and connected City

Services we delivered and what they cost

Business area	Description of services	Net cost \$'000 Actual Budget Variance
Sustainability	Leads the Council's activities to increase community uptake of walking, bike riding and public transport within the municipality	1,658 1,638 (20)
Safety and Amenity	Administers parking enforcement for the whole community, which includes school crossings supervision, clearways, abandoned vehicles and contract management Carries out investigation and enforcement of alleged breaches of the Planning and Environment Act and the Port Phillip Planning Scheme	12,037 8,647 (3,390)
Asset Planning and Property	Ensures effective management and control of Council's financial assets and property	40 (567) (607)
Business Technology	Enables Council's efficient and effective service delivery through best practice information and communication technologies, and good information management	6 20 14
City Development	Responsible for administering local laws approvals for use of footpaths and public roads to ensure public safety and amenity. This area issues planning permits; controls the use and development of land; subdivisions; liquor licences; administers heritage controls and advice; and sustainable urban design advice	(6,764) (1,417) 5,347
Strategy and Growth (formerly City Growth)	Provides Council's strategic urban planning with a focus on integrated land use and transport planning, strategic economic planning for activity centres and business precincts, and planning for more diverse and affordable housing opportunities. During the year part of this unit was combined with Fishermans Bend to create the new Strategy and Growth department.	3,832 4,323 491
Maintenance and Renewal	Maintains Council's roads and footpaths, cleans streets and beaches, collects and processes domestic waste and recycling, manages the hard waste booking and dumped rubbish collection services, internal operation of the litter bin collection services and the Resource Recovery Centre	27,215 22,026 (5,189)
Public Space	Maintains and manages our open spaces including the foreshore, parks, gardens, reserves, sporting fields and streetscapes for the community, visitors and sports groups Activates public space with permitted recreation, cultural and community events Plans, designs and delivers open space capital works and renewals	10,494 10,772 278
St Kilda Triangle	Designs and revitalises the St Kilda Triangle site, through the application of a range of complementary planning and design skills as well as expertise in project feasibility and delivery, and has primary responsibility for Council's strategic planning program and projects	0 183 183

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Vibrant and Creative City (formerly Vibrant Villages and Arts and Culture)	Designs and revitalises our places across the municipality. During the year this unit was combined into the Vibrant and Creative City	135 146 11
South Melbourne Market	Manages the retail spaces for permanent and temporary stallholders, and provides the retail centre with support services including marketing, maintenance, cleaning security and waste management	(1,307) (1,286) 21
Project Services (formerly Project and Building Services)	Delivers new, improved or upgraded assets that in turn allow Council to deliver on a wide range of services to the community, provides a range of capital project planning, contamination advice, civil design and project management services to support the delivery of Council's capital program	1,095 8,018 6,923

Material variation explanations

Safety and Amenity: Higher expenditure than budgeted due to parking doubtful debts moving into an expense stream to align with the annually reported financial statements

City Development: Higher revenue than budgeted due to higher than anticipated open space contributions and street occupation fee income as a direct result of increased development works within the City

Maintenance and Renewal: Higher expenditure than budgeted due to the Building Maintenance business unit shifting into this area from Project and Building Services. There were also underspends in the cleaning and maintenance contract

Project Services: Lower revenue and lower expenditure than budgeted due to Building Maintenance unit moving into the Maintenance and Renewal area affecting their operating position

Arts and Culture and Vibrant Villages were combined into the Vibrant and Creative City department. Their budgets are now combined under the Vibrant and Creative City department

Part of City Growth was combined with Fishermans Bend to form the new Strategy and Growth department. Their original budgets were distributed between the Vibrant and Creative City department and the Strategy and Growth department

Vibrant - a liveable and connected City

Results for local government performance reporting measures

Service / indicator / measure	Result		Comment
	2014/15	2015/16	
Statutory planning			
Timeliness Time taken to decide planning applications [The median number of days between the receipt of a planning application and a decision on the application]	67	75	The median number of days to make a decision on a planning application increased due to increasing complexity and reflects a high number of large complex planning permit applications and additional layers of planning control. The City of Port Phillip's result was higher than similar councils.
Service standard Planning applications decided within 60 days [Number of planning application decisions made within 60 days / Number of planning decisions made] × 100	61%	57%	The proportion of planning decisions made within 60 days decreased by two percentage points and is now below the result of similar councils.
Service cost Cost of statutory planning service per planning application [Direct cost of the statutory planning service / Number of planning applications received]	\$1,367.34	\$1,725.18	The cost of the statutory planning service increased due to additional resources being employed to deal with more complex applications. The City of Port Phillip is still at the lower end of the sector average cost.
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of decisions in relation to planning applications] × 100	79%	71%	The difference in results is due a difference in interpretation with last years results which removed decisions with a neutral / mediated outcome. If we retrospectively applied the new definition to last year's result, this years result would have been 73 per cent.
Roads			
Satisfaction Sealed local road requests per 100km of sealed local roads [Number of sealed local road requests / Kilometres of sealed local road] × 100	59	52	The City of Port Phillip has a high population density per length of road, which includes laneways, and therefore increases the average number of requests per kilometre of road.
Condition Sealed local roads maintained adequately [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] × 100	92%	97%	This result shows the percentage of sealed local roads including laneways that are below the renewal intervention set by Council and are not requiring renewal.
Service cost Cost of sealed local road reconstruction per square metre [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$170.70	\$156.51	The cost of our sealed local road reconstruction includes all types of road materials including asphalt, concrete and bluestone. In addition we include any stormwater drainage costs incurred while undertaking road reconstruction.
Service cost Cost of sealed local road resealing per square metre [Direct cost of sealed local road resealing / Square metres of sealed local road resealed]	\$40.27	\$43.03	The reason for the result being outside of the upper range is that Port Phillip uses only asphalt for its resurface material because it is more resilient where other councils may use a mix of asphalt and spray seal.
Satisfaction Community satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	73	70	Although community satisfaction decreased in 2015/16, we scored higher than similar councils.

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Service statistics

We provide a range of important services to support the needs of our diverse and changing community for a liveable and connected City.

The following statistics highlight some of the services we provided during 2015/16, compared to 2014/15.

Measure	2014/15	2015/16	Trend
Infrastructure management			
Kilometres of roads renewed	4.5 km	4.5 km	Stable 
Kilometres of footpaths renewed	11 km	12.5 km	Increase 
Allocated for maintenance work for roads, footpaths and drains	\$4.0 M	\$4.5 M	Increase 
Allocated for Roads to Recovery funding	\$220 k	\$381 k	Increase 
Drainage pits inspected	12,500	12,500	Stable 
Ovals mowed (hectares per week)	14 ha	14 ha	Stable 
Reserves and gardens maintained (hectares per week)	177.6 ha	177.6 ha	Stable 
Playground inspections conducted	3,007	3,692	Increase 
Additional trees planted (net increase)	1,305	1,466	Increase 
Property management			
Leases and licences managed by Council	132	170	Increase 
Building maintenance requests processed	4,942	5,106	Increase 
Planning applications			
Received	1,602	1,529	Decrease 
Decisions made	1,438	1,624	Increase 
South Melbourne Market			
Visitors to the South Melbourne Market during the year	4,644,521	4,724,196	Increase 

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The cost of providing assets is not one off. Community assets wear out and require regular maintenance and, at times, upgrading. Across the City, we are responsible for the management of around \$2.6 billion of land and infrastructure assets, including roads, footpaths, drains, buildings, parks and open space, and maritime assets. These assets exist to provide value to the community in the delivery of a wide range of services. To deliver best value, we must manage our assets prudently by balancing cost, risk and performance within a changing and challenging environment.

We completed our three year cycle of asset condition audits for footpaths, roads, kerb and gutter assets. These audits record the condition and performance of our assets over time to meet the required levels of service and to test that renewal expenditure is timely and correctly targeted. Council is on a path of continuous improvement in asset management using the guidelines of the National Asset Management Framework.

Asset performance

In 2015/16 we undertook \$26.5 million worth of capital expenditure on upgrading, renewing and growing our assets.

New and upgraded assets performance

We created new assets and upgraded a number of existing assets to increase service provision to our community. We replaced the Alma Park Pavilion, which provides facilities for a growing number of sports and community groups in the area, commenced the redevelopment of the St Kilda Life Saving Club and upgraded the Fishermans Bend Community Centre with a new kitchen, office spaces and an improved community garden to encourage community learning and activity.

There was a partial deferment of the St Kilda Life Saving Club due to a late start of the project. We cancelled the Charles Street Balaclava pedestrian connection, reallocated expenditure for the Fitzroy Street streetscape works and reclassified a small percentage of expenditure on the Alma Park Pavilion and Middle Park Community Centre refurbishment to operating costs.

New and upgraded asset projects included:

St Kilda Life Saving Club redevelopment (Budget \$2.2 million)	\$1.92 million
Alma Park Pavilion replacement	\$1,530,000
Fishermans Bend Community Centre upgrade	\$596,000
Fitzroy Street streetscape upgrade	\$518,000
Middle Park Community Centre refurbishment	\$453,000
Water sustainable urban design program implementation	\$359,000
Commencement of solar array installation at St Kilda Town Hall	\$279,000
Wellington Street intersection safety improvements	\$222,000
Elwood Beach Community Centre (Lady Forster Kindergarten upgrade)	\$187,000

Asset renewal performance

During the year we delivered 100 per cent of our transport, stormwater, lighting and open space asset renewal budgets. We also delivered 100 per cent of our building and land asset renewal budget (excluding the Palais Theatre refurbishment works).

We also made savings in the major civil works renewals program and reallocated expenditure to operating expense for several park, open space and streetscape renewals.

Some projects were progressed in 2015/16, but had funding deferred to 2016/17; these include the Palais Theatre refurbishment, replacement of the South Melbourne Market rooftop crash barrier, repairs to Beacon Cove foreshore infrastructure and Council's core IT renewal program.

Major asset renewal projects included:

Footpath renewal program (12.5 kilometres of footpath)	\$2.10 million
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Road resealing program (3.7 kilometres of road)	\$1.76 million
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Road renewal program (4.5 kilometres of road)	\$1.69 million
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- Chusan Street, St Kilda East
- Marine Avenue, Elwood
- Barrett Street, Albert Park
- Smith Street, South Melbourne
- Evans Street, Port Melbourne
- Little Graham Street, Albert Park
- Robe Street, St Kilda
- Mary Street, St Kilda
- Dinsdale Street, Albert Park
- Allen Place, Port Melbourne

Palais Theatre capital works (Budget \$3.5 million)	\$1.2 million
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Kerb renewal program	\$948,000
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- York Street, St Kilda
- Heaton Avenue, Elwood
- Ravens Grove, St Kilda East
- St Vincent Place North, Albert Park
- Dean Avenue, St Kilda East
- Danks St, Albert Park
- Mountain Street, South Melbourne

Drainage renewal program	\$873,000
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Playground and pocket park renewal programs	\$535,000
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- William Street Reserve, St Kilda East
- Olive's Corner Pocket Park, Port Melbourne
- Centenary Reserve, Port Melbourne
- Catani Gardens, St Kilda East irrigation rectification
- Alma Park West irrigation repairs
- St Kilda Botanical Gardens fence construction

Repair of Beacon Cove foreshore infrastructure (Budget \$800,000)	\$363,000
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Laneway renewal program	\$330,000
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- R3951, St Kilda
- R1521, St Kilda
- R1561, Elwood
- R3735, St Kilda

Parks signage and furniture renewal	\$326,000
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Renewal works at South Melbourne Market	\$268,000
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Street signage and furniture renewal program	\$197,000
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Asset management performance

Asset investment

Capital investment in assets cover the renewal or upgrade of existing assets to extend their service life, the creation or acquisition of new assets to address growth in demand, or changes to required level of service.

Our key challenge is to provide a sustainable balance between new asset investment and maintenance of our existing assets at a price and quality that is affordable and acceptable to our community.

To meet this challenge in 2016/17, our efforts will be directed to aligning asset management with Council planning and reporting, consolidation of service plans and infrastructure master plans, data cleansing, and enterprise reporting.

In 2016/17, we plan to spend \$38.7 million of capital expenditure and conduct condition audits of maritime and stormwater infrastructure to further enhance our asset performance.

We will undertake an asset management transformation program that includes improvements to our processes, systems and capability, to ensure we have better information for decision making and achieve best value from our investment in assets.

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Achieving Toward Zero



Solar panels on the St Kilda Town Hall roof

Toward Zero is the City of Port Phillip's sustainable environment strategy to 2020.

Toward Zero has nine challenges covering:

- greenhouse gas emissions
- sustainable urban design and development
- potable water use
- net loss of natural heritage
- waste
- sustainable purchasing and procurement
- contamination and pollution
- climate change
- sustainable transport

Each challenge has targets to achieve the strategy by 2020. The Annual Report communicates Council's progress on these targets.

Australia's climate is changing

Current projections for Melbourne for 2030 under a moderate greenhouse gas emissions scenario include temperature increases of 0.6 degrees, annual rainfall decrease of two per cent, sea level rise increase of 11 cm, and a notable increase in the number of days above 35 degrees. Under a high emissions scenario these projections increase significantly. Council is committed to contributing to the worldwide effort to reduce emissions and address Climate Change. Toward Zero aims to address this challenge and respond to emerging evidence that can assist Council to improve efforts to respond to a changing climate.

Source: CSIRO and Bureau of Meteorology, website at www.climatechangeinaustralia.gov.au

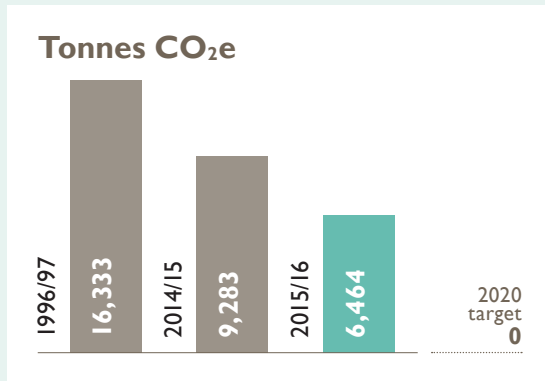
Major milestones in 2015/16

August 2015	330 new energy efficient streetlights installed in the final stage of the streetlight upgrade project	April 2016	Council signed the Melbourne Renewable Energy Project participation agreement, which aims to reduce Council's electricity emissions by up to 100 per cent by 2018
September 2015	Council adopted the United Nations Sustainable Development Goals	May 2016	Council fulfilled all requirements to join the Global Compact of Mayors, committed to reducing greenhouse gas emissions and enhancing resilience to climate change
November 2015	Ministerial approval of local planning policy Amendment C97 (Environmentally Sustainable Development) to the Port Phillip Planning Scheme	May 2016	Construction commenced on the 172kW solar panels at the St Kilda Town Hall
December 2015	Toward Zero Community Forum launched to support sustainability efforts of local residents, organisations and businesses	June 2016	Council joined the South East Council's Climate Change Alliance to partner with other local governments and organisations in responding to climate change
January 2016	St Kilda Town Hall heating and ventilation upgrade project completed to save energy by more efficiently heating and cooling the building	June 2016	Installed 2.5 km of on-road bike lanes and 21 new on-street car share bays over 2015/16
January 2016	First delivery of harvested stormwater from the Elwood / Elsternwick Stormwater Harvesting Scheme	June 2016	Completed raingarden construction at six locations across the City

Challenges

1 Greenhouse gas emissions

The City of Port Phillip is committed to achieving and sustaining zero net greenhouse gas emissions from Council operations and services by 2020.



Council's 2015/16 net greenhouse gas emissions were 6,464 tonnes carbon dioxide equivalent (tCO₂e), a 60 per cent reduction on baseline emissions. Emissions are attributed to electricity use in streetlights (38 per cent), gas and electricity use in council buildings (52 per cent), vehicle use (9 per cent), and organic waste sent to landfill (1 per cent).

Council's actions in 2015/16 to reduce emissions

- St Kilda Town Hall heating and cooling upgrade saved at least 28 per cent electricity and 23 per cent gas compared to 2014/15
- the streetlight upgrade program reduced emissions by 15 per cent on 2014/15 levels
- 5,328 tonnes of carbon were purchased (National Carbon Offset eligible)

How is Council going to reach the 2020 target?

- in 2016/17 Council will assess the feasibility of Energy Performance Contracting (EPC) to design, implement and verify the savings from an energy efficiency project. If feasible, an EPC will deliver emission reductions and guaranteed savings across Council's largest buildings
- Council plans to deliver up to 1.4 MW of solar energy on Council buildings over five years
- Council will develop minimum energy performance standards for Council buildings and public lighting
- from 2018, and subject to project feasibility, electricity will be supplied from new utility-scale renewable energy facilities

Further information

[Greenhouse Plan - Low Carbon City \(2011\)](#)

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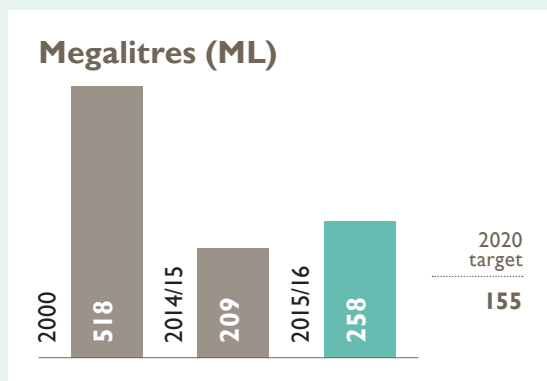
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2 Potable water use

The City of Port Phillip is committed to minimising water use to achieve and sustain a 70 per cent reduction in Council's potable water use by 2020 (based on 2000 levels of water use).



Total Council water use was approximately 50 ML more than last year.

Responding to community demand, Council started irrigating additional sites including Turner, William Street, Elwood Primary School, Marina and Lagoon reserves. The challenge of reducing potable water use is also affected by increased community use of open space, which we highly encourage, and an extended dry spell resulting in 20 per cent less rainfall over the past two years.

There was a 16 per cent reduction (5 ML) at South Melbourne Market. However, this was offset by increased consumption across other council and community buildings. This could be due to increased garden watering, and will be further investigated.

Council's actions in 2015/16 to reduce potable water use

Council continues to work with partners to plan for a major stormwater harvesting scheme at Albert Park Lake and has worked to ensure the Elwood / Elsternwick Stormwater Harvesting Scheme will provide consistent supply into the future. If feasible, the Albert Park Lake project will be a significant contributor to Council achieving its 2020 target for potable water use.

How is Council going to reach the 2020 target?

Council will employ strategies to manage demand as well as implement stormwater harvesting in line with the proposed Toward Zero Pathways to 2020. Submetering of large water usage sites is a key component of understanding and responding to changing levels of water use.

Further information

Water Plan - Toward a Water Sensitive City (2010)

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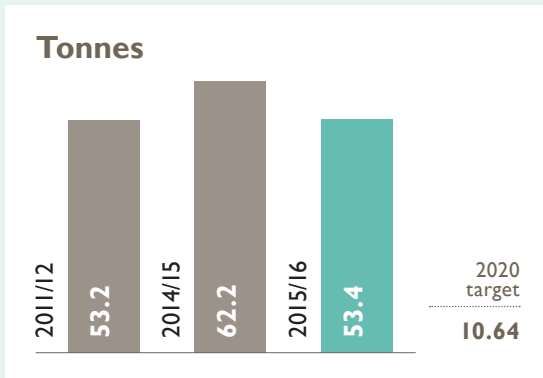
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3 Waste

The City of Port Phillip is committed to minimising Council's waste to achieve and sustain an 80 per cent reduction in Council's waste to landfill by 2020 (based on 1999 levels).



Data is gathered as part of regular bin audits of council facilities, and extrapolated for the year. In 2015/16 data sets were incomplete and it was necessary to estimate usage. Council is reviewing its methodology for 2016/17, and will implement a more robust auditing methodology. This will provide a more complete picture of our organisation's waste and the recovery of items such as soft plastics, batteries, electrical waste and others.

Council's actions in 2015/16 to reduce waste

- Council introduced improved waste management and resource recovery at significant town hall events to reduce the amount of waste to landfill. A three day sale event in December 2015 generated 690 kilograms of waste, of which 97 per cent was diverted for recycling
- trialled diverting barbecue fat from council-owned barbecues used by the public to a biofuel manufacturer
- completed comprehensive waste audits at two Council-managed Early Years Services and a Council-owned Early Years building
- managed Council's worm farm system at St Kilda Town Hall, which processes 2,940 kilos of organic waste annually

How is Council going to reach the 2020 target?

Council has allocated \$25,000 in 2016/17 to develop a new Waste Management and Resource Recovery Strategy. The strategy will address both council and community waste and will clarify and improve on current data collection methodologies for council waste.

4 Contamination and pollution

The City of Port Phillip is committed to maintaining and increasing the health and quality of its natural assets.

Council reduces contamination and pollution by capturing stormwater pollutants through installing water sensitive urban design systems, such as raingardens and stormwater harvesting. Stormwater pollutants such as sediment, nitrogen, pathogens and phosphorous are naturally filtered through plants in these systems and captured before they impact the health of Port Phillip Bay.

Council's Water Plan sets targets for stormwater pollutant reduction, and is delivered through an annual raingardens capital works program. Raingardens also improve streetcape amenity, contributing to cooler and greener streets that are more accessible and aesthetically pleasing for pedestrians. Raingardens can be integrated into pedestrian improvements and traffic calming treatments.

The projects delivered in 2015/16 collected 3.7 tonnes of total suspended solids, bringing the cumulative annual reduction potential to 38.9 tonnes a year. This is slightly under the 2015/16 target of 39.2 tonnes; however, we made progress towards our target.

Council's actions in 2015/16 to reduce contamination and pollution

- designed and installed six raingarden projects across the City, in Perrins Street (South Melbourne), Farrell Street, Stokes Street, Princes Street, Nott Street (Port Melbourne) and Fitzroy Street (St Kilda)
- advocated to the Victorian Government on the draft Victorian Water Plan 2016

How is Council going to reach the 2020 target?

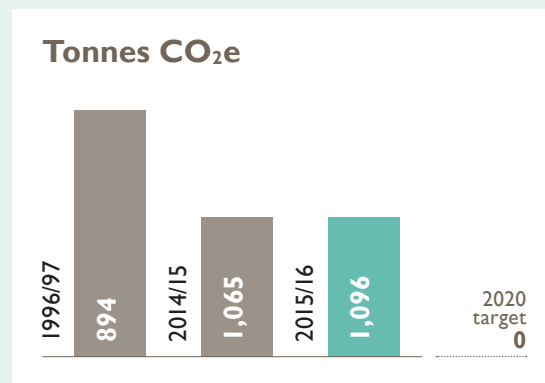
- ongoing delivery of the annual raingardens capital works program
- advocate for the proposed Albert Park Lake stormwater harvesting scheme which is critical to delivering Council's targets

Further information

Water Plan - Toward a Water Sensitive City (2010)

5 Sustainable transport

The City of Port Phillip is committed to ensuring it achieves a low-emissions or no-emissions fleet by 2020.



This year's figure represents a 2.7 per cent increase in emissions on updated emission levels for 2014/15 (1,065tCO₂e), with diesel purchased increasing 3 per cent and unleaded petrol purchased decreasing 1 per cent.

Increased emissions are attributable to replacing petrol fuelled vehicles with diesel.

Council's actions in 2015/16 to reduce fleet emissions

- made minor improvements to end of trip facilities to encourage staff use of active forms of travel
- delivered bicycle skills education program to staff
- introduced one electric vehicle to the Council fleet
- continued to advocate to the Victorian Government to improve access to public transport

How is Council going to reach the 2020 target?

- develop and implement a Green Fleet Action Plan, including enhanced travel choices for work related travel and administrative controls to reduce emissions
- offset vehicle emissions to deliver a zero emissions vehicle fleet

Further information

Sustainable Transport Strategy (2011)

Challenges

6 Sustainable urban design and development

The City of Port Phillip is committed to ensuring all council buildings and facilities minimise their environmental impact and maintain measurable environmental performance standards.

Council's actions in 2015/16 to improve sustainable urban design and development

- continued to ensure environmentally sustainable design features were integrated into the new St Kilda Life Saving Club clubhouse throughout the construction phase by benchmarking the design against a 5 Star Green Star standard
- set sustainable design performance benchmarks for projects currently in the design phase, including South Melbourne Life Saving Club, South Melbourne Community Centre, Liardet Street Community Centre and Peanut Farm Pavilion redevelopment
- promoted past capital works projects that received industry recognition, such as the Port Melbourne Football Club redevelopment, which won the Sustainability Category of the Australian Timber Design Awards

How is Council going to improve sustainable urban design to 2020?

Council will continue to strongly advocate for the inclusion of sustainable design criteria for new building projects and major refurbishments. This will be done by revising and improving Council's Sustainable Design Strategy to ensure the standards align with, and exceed, the best practice standards set for the development community through the Port Phillip Planning Scheme amendment (Clause 22.13).

Further information

Sustainable Design Strategy (2013)

7 Net loss of natural heritage

The City of Port Phillip is committed to maintaining and enhancing its natural heritage values, significant sites, and regional biodiversity and habitats.

Council's actions in 2015/16 to improve natural heritage

- removed significant dead, dying and hazardous vegetation from Fraser Street dunes and Point Ormond Reserve during the first year of implementation of the Foreshore and Hinterland Vegetation Management Plan
- completed replanting 8,990 plants at these sites between May and July 2016
- planted over 130 healthy trees at Hester Reserve, JL Murphy Reserve and Garden City Reserve (Port Melbourne)
- planted over 1,010 street trees across the municipality
- replaced hard and impermeable surfaces in residential streets, including James Service Place (South Melbourne) and extended the St Vincent Street Median strip (Albert Park)
- streetscape upgraded to sections of Nelson Street (South Melbourne), Nott Street and Dow Street (Port Melbourne)
- advocated to the Victorian Government on Protecting Victoria's Environment - Biodiversity 2036

How is Council going to improve natural heritage to 2020?

- continue to increase tree canopy cover based on canopy mapping
- increase the number of trees in streets and parks, reducing impermeable surfaces through tree plots and garden beds
- implement a new street and park tree priority list for the next five years
- continue to implement the Foreshore and Hinterland Vegetation Management Plan priorities, to improve biodiversity, plant quality and shade/protection. The year two priorities are Tea Tree Reserve and Point Ormond

Further information

- **Greening Port Phillip 2010-2015**
- **Foreshore Management Plan**

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8 Sustainable purchasing and procurement

The City of Port Phillip is committed to ensuring the sustainability of what Council purchases and procures for its operations and services, to achieve and maintain a **70 per cent reduction in the use of unsustainable products by 2020 (based on 2007 levels)**.

In 2015/16, 2.6 per cent of council's purchases were sustainable, down from 5.6 per cent in 2014/15.

There are challenges in tracking the green procurement of services, and Council must review its approach in order to gather a more robust dataset. This activity should be undertaken as part of the development of a Green Procurement Action Plan.

Council's actions in 2015/16 to improve sustainable purchasing and procurement

Council will continue to encourage green procurement on its purchasing system. In the absence of a Green Procurement Action Plan, no additional actions were undertaken. The development of a plan is proposed for 2017/18.

How are we going to reach the 2020 target?

- review and enhance methodologies for green procurement tracking and reporting in 2016/17
- develop a Green Procurement Action Plan, outlining actions to reach the Toward Zero 2020 target
- assess and provide resources such as Eco-buy to assist officers with green procurement alternatives
- develop targeted training for key users

9 Climate change

The City of Port Phillip is committed to helping prevent further climate change and actively reducing regional greenhouse gas emissions.

Taking action on climate change requires a commitment to creating assets that have the capacity to positively adapt to a changing climate, and to increasing our community's resilience to changing weather patterns.

Council's actions in 2015/16 to adapt to climate change

- Council joined the South East Council's Climate Change Alliance, a collaboration of nine councils taking a regional response to climate change by delivering projects to reduce greenhouse gas
- developed a building vulnerability assessment framework for building managers to identify how climate change will impact council buildings. Assessments of coastal buildings have identified actions to prevent future climate impacts and Council is proactively working to include these considerations in the design of new assets such as the St Kilda and South Melbourne life saving clubs
- Council endorsed the Resilient Melbourne Strategy and the Port Phillip and Westernport Flood Management Strategy, and committed to working collaboratively to ensure successful delivery of these strategies
- ongoing delivery of the Bay Blueprint for Port Phillip Bay, in partnership with the Association of Bayside Municipalities, to create a consistent, baywide approach to responding to coastal adaptation

How are we going to reach the 2020 target?

- Council will continue to advocate to the Victorian Government and stakeholders for a Coastal Hazard Vulnerability Assessment
- Council will continue collaborating with the Victorian Government, other councils and researchers, to identify appropriate adaptation pathways to protect Council's coastal infrastructure, parks and buildings

Further information

Climate Adaptation Plan - Climate Adept City (2010)

Toward Zero community targets

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Council aims to support the community to achieve aspirational community targets. While it is not possible to accurately report community usage due to lack of access to up-to-date emissions data, we would like to reflect on highlights during 2015/16 to support a sustainable community.

Greenhouse gas emissions

Port Phillip community solar bulk buy was delivered with Council support, resulting in 193 registrations and a total of 120 kW of solar panels installed on 45 households.

Water and contamination and pollution

Around 20 Elwood residents participated in the 'Water Sensitive Elwood' community visioning process. The outcomes of this process were exhibited at the Monash Art Design and Architecture Gallery in June 2016.

Waste

This year, Council diverted approximately 40 per cent of household waste from landfill.

Since 2007 the tonnage of recyclable materials collected from the Resource Recovery Centre increased by approximately 59 per cent, and household waste to landfill has increased by approximately 9 per cent.

Sustainable transport

Council has made significant improvements to encourage low emissions travel and improve safety for pedestrians and bike riders, including:

- improved eight intersections across the City
- reduced speed limits from 50 kph to 40 kph in three new areas
- installed 2.5 kilometres of on-road bike lanes, along with 42 new bike hoops and three public bike pumps
- installed 21 new on-street car share bays to encourage shared resources and reduce the need for car ownership
- added two new Melbourne Bike Share stations outside Gasworks Park on Pickles Street and next to the West Beach Pavilion, to provide a total of 12 bike share stations across Albert Park, South Melbourne and Port Melbourne.

Additionally, Public Transport Victoria and Yarra Trams delivered a platform upgrade on the corner of St Kilda Road and Dorcas Street (South Melbourne).

Sustainability in Fishermans Bend

Council endorsed five sustainability principles to underpin best practice environmental performance in the redevelopment of Fishermans Bend.

Sustainable urban design and development

In 2015/16, 78 per cent of eligible planning applications complied with Council's sustainable design requirements. Council will continue to support compliance.

A key milestone was achieved this year with the gazettal of the Environmentally Sustainable Development Local Planning Policy (Clause 22.13), which applies to all residential developments of two dwellings or more and all non-residential developments of 50 m² or over. This amendment to the Port Phillip planning scheme will ensure that environmental performance is considered in the assessment of development proposals.

Council will continue to advocate to the Victorian Government for the adoption of a statewide Environmentally Sustainable Development planning policy, which would require sustainable design to be considered holistically throughout the planning process for all Victorian councils.

Net loss of natural heritage

Twenty five thousand indigenous plants were planted by members of the community and Council. Council continues its partnership with the St Kilda Indigenous Nursery Cooperative to encourage residents to plant local indigenous species.

The Port Phillip EcoCentre has been active in continuing to develop the community's appreciation and care for our local environment, and runs a number of school and community education programs. The EcoCentre's local youth ambassador Gio Fitzgerald was awarded the 2016 UN World Environment Day Award for his efforts towards increasing urban biodiversity.

Climate change

Council leads the Sustainability Community Action Network (SCAN), which stimulates community ideas for tackling climate change. In 2015/16, attendance at SCAN meetings increased, with 337 attendees across five events and hundreds on event waiting lists. SCAN participants have been surveyed to better understand the impact of SCAN on their behaviour, with 79 per cent indicating they were likely to take action after attending SCAN events.

Fifty one free energy audits were provided to the community by the Council's Greenhouse Programs Officer.

Working for our community



Working with Council

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Welcome and year in review

An effective working relationship between Council and the organisation is at the core of achieving a culture of good governance and delivering value for money to our community.

2

Governing our City

As the elected representatives of the City of Port Phillip community, Council provides leadership to ensure good governance. Council exercises this responsibility through formal resolutions at Council meetings.

3

Our performance

Council is also responsible for the appointment of the Chief Executive Officer (CEO) who leads the organisation and implements Council decisions.

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

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Our organisational structure

A small number of changes were made to the organisational structure in 2015/16 to ensure the organisation continues to be well equipped and responsive to the challenges of growth, financial constraints and evolving community priorities.

The table below reflects the updated organisational structure as at 30 June 2016.

Office of the CEO			
Chief Executive Officer Tracey Slatter	Manager Community Relations Lisa Rae	Manager Governance Rowena McLean	
Place Strategy and Development			
General Manager Place Strategy and Development Claire Ferres Miles	Manager Sustainability and Transport Brett Walters	Manager City Development George Borg	
	Manager Place and Design Peter Sagar	Manager Strategy and Growth Jacqui Banks	
Infrastructure and Amenity			
General Manager Infrastructure and Amenity Fiona Blair	Manager Safety and Amenity Alan Giachin	Manager Maintenance and Renewal Dino De Melis	Manager Open Space and Recreation Anthony Trail
	Manager South Melbourne Market Ross Williamson	Manager Divisional Portfolio and Project Services Lisa Davis	
Community Development			
General Manager Community Development Carol Jeffs	Manager Family, Youth and Children Janelle Bryce	Manager Community Health and Service Planning Darren Martin	
	Manager Vibrant and Creative City Vanessa Schernickau	Manager Access and Ageing Susan McDowell	
Organisational Performance			
General Manager Organisational Performance Chris Carroll	Chief Financial Officer Finance David Filmalter	Interim Manager Asset Planning and Property Joanne McNeill	Executive Manager Service and Business Improvement Melissa Harris
	Manager Business Technology Rod Apostol	Executive Manager Enterprise Portfolio Management Office John Gabb	
People and Culture			
Executive Manager People and Culture Nick Petrucco	Manager Culture and Capability Kim Oakman	Manager Occupational Health and Safety Paul Robertson	

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Office of the CEO

The Chief Executive Officer (CEO) is appointed by Council and is responsible for the operations of Council, including implementing Council decisions and the day-to-day management of Council's performance. The Community Relations and Governance departments report directly to the Chief Executive Officer.



Tracey Slatter
Chief Executive Officer

Tracey Slatter commenced with the City of Port Phillip in May 2013 as the Chief Executive Officer. Tracey has extensive leadership experience in the health, community, state and local government sectors. Tracey enjoys leadership challenges and is passionate about achieving excellent outcomes and improved value for the community.

Tracey holds postgraduate qualifications in Business Leadership and a Master of Commerce, is a Fellow of the Institute of Public Administration and a graduate of the Australian Institute of Company Directors.

Place Strategy and Development

Place Strategy and Development seeks to enhance the liveability and sustainability of our places and precincts in an environment of growth and change. The Place Strategy and Development division is responsible for delivering Fishermans Bend and St Kilda Triangle priorities, and managing statutory planning and building processes.



Claire Ferres Miles
General Manager
Place Strategy and Development

Claire Ferres Miles joined the City of Port Phillip in April 2014 as the General Manager of the Place Strategy and Development division. Claire is a highly talented executive whose thought leadership and strategy have led to breakthroughs in integrated transport and planning policy, particularly in relation to sustainable transport. She has experience in the public and private sectors (most recently with the Victorian Government), with a focus on central city urban renewal.

Claire holds a Master of Transport and a Master of Traffic, qualifications in community engagement and a Bachelor of Planning and Design with majors in Landscape Architecture, Urban Design and Town Planning.

Infrastructure and Amenity

The Infrastructure and Amenity division works with our community and other stakeholders to deliver quality services and projects that ensure a high standard of amenity and safety, and contribute to the unique look and feel of our parks, villages and streets. Infrastructure and Amenity builds, maintains and manages our City's infrastructure, including the South Melbourne Market, and works with local sporting clubs to facilitate participation in recreation and leisure activities across our municipality.



Fiona Blair

General Manager Infrastructure and Amenity

Fiona Blair was appointed as General Manager of the Infrastructure and Amenity division in March 2014. Fiona is an experienced leader who has delivered outstanding results in her work across the local government, education and service sectors. She has a long affiliation with our City through a number of leadership roles at the City of Port Phillip in youth, recreation, open space, property services and infrastructure.

Fiona has a strong track record in the delivery of high quality services, strategy development, relationship leadership and collaboration. Her innovative approach has resulted in service improvements and staff development.

Fiona is highly qualified, with a Master of Business Administration and a Bachelor of Applied Science. Fiona is a graduate of the Australian Institute of Company Directors and a qualified executive coach, and has completed the Local Government Executive Leadership Program.

Community Development

The Community Development division is responsible for building healthy, connected and sustainable communities through active engagement that nurtures and strengthens our diverse cultural and recreational landscape, enabling lifelong access to innovative, creative and responsive community programs and services that maximise the use of our shared spaces.



Carol Jeffs

General Manager Community Development

Carol Jeffs joined the City of Port Phillip in February 2014 as the General Manager of the Community Development division. Carol is a highly experienced and self-driven senior executive whose career spans local government, not-for-profit and various government agencies. Carol was previously employed as the General Manager, Governance at Latrobe City Council, and held third level and general management level roles in planning.

Carol is an outstanding people leader with a strong track record in forging successful partnerships with key local, state and national stakeholders. She has a Master of Economics and qualifications in LEAN, project management and community engagement. She is also a graduate of the Harvard Senior Executives in State and Local Government course.

Leading the way

Organisational Performance

The Organisational Performance division is responsible for providing high quality, integrated systems and support to our organisation that enable us to continuously improve the value we deliver to our community. Organisational Performance provides analytical, project management, business technology and other assistance to achieve Council priorities.



Chris Carroll
General Manager
Organisational Performance

Chris Carroll joined the City of Port Phillip in March 2014 as the General Manager of the newly formed Organisational Performance division. Chris is an outstanding leader with a breadth of local government, state government and private sector experience. Chris was previously employed by PricewaterhouseCoopers New Zealand as a Director in its consulting business. Prior to this, Chris worked in a variety of corporate services leadership roles for Auckland Council and the former Auckland City Council. As part of the Auckland local government reforms, Chris led the consolidation of the strategic plans, budgets and assets of the eight former councils and the establishment of the first long term plan for the amalgamated Auckland Council.

Chris holds a Master of Public Policy and Management and a Master of Business Administration, and has extensive experience in enterprise performance management, asset management, project management, business transformation and continuous improvement.

People and Culture

The People and Culture division is responsible for developing an engaged, aligned, responsive and healthy workforce. People and Culture provides the human resources and learning and development expertise necessary to equip staff to perform at their best and contribute effectively to Council and organisational priorities. People and Culture supports officer safety and wellbeing by ensuring work settings and behaviours are conducive to a safe and healthy workplace.



Nick Petrucco
Executive Manager
People and Culture

Nick Petrucco was appointed as Executive Manager People and Culture in May 2015. As an experienced organisational and people development professional, Nick has a track record of successfully leading cultural change and building high performing organisations. Nick's experience has included consulting to organisations across international development, community services, research and education, banking and finance, local government, utilities, small business and not-for-profit sectors. Having worked throughout Australia and internationally, Nick brings a depth of experience working across multiple industries, cultures and geographies. Nick holds a Master of Professional Education and Training, a Bachelor of Social Science, is an accredited and experienced Executive Coach, and has a wide range of other professional accreditations relevant to leading people and culture.

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Our people

A multitude of services are delivered to our community by the 1,033 people employed at the City of Port Phillip Council.

Our values

A clear set of values represents how we work with each other to serve the community.



Full time equivalent breakdown by banding

Structure	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other	Total
Permanent Full Time - Female	-	6.00	34.00	39.00	62.00	53.00	41.00	19.00	24.00	278.00
Permanent Full Time - Male	1.00	13.00	11.00	29.00	21.00	48.00	40.00	31.00	52.00	246.00
Permanent Part Time - Female	2.40	15.81	15.54	28.50	23.63	29.12	9.83	6.87	10.70	142.40
Permanent Part Time - Male	6.01	4.43	4.86	9.11	2.80	4.89	0.80	1.60	3.12	37.62
Casual - Female	-	-	0.81	0.57	0.27	0.03	0.03	0.03	0.51	2.25
Casual - Male	0.06	-	0.36	0.39	0.12	0.09	0.03	-	-	1.05
Total	9.47	39.24	66.57	106.57	109.82	135.13	91.69	58.50	90.33	707.32

Note that temporary staff total 67.19 FTE. The total number of FTE's is 774.51.

Full time equivalent breakdown by Division

Structure	Office of the CEO	Infrastructure and Amenities	Organisational Performance	Community Development	Place Strategy and Development	People and Culture	Total
Permanent Full Time - Female	34.00	37.00	37.00	132.00	32.00	6.00	278.00
Permanent Full Time - Male	12.00	125.00	42.00	28.00	34.00	5.00	246.00
Permanent Part Time - Female	5.13	13.75	14.66	95.72	11.54	1.60	142.40
Permanent Part Time - Male	5.59	7.42	1.80	21.41	1.40	-	37.62
Casual - Female	0.15	0.15	-	1.92	0.03	-	2.25
Casual - Male	0.33	0.12	-	0.54	0.06	-	1.05
Total	57.20	183.44	95.46	279.59	79.03	12.60	707.32

Note that temporary staff total 67.19 FTE. The total number of FTE's is 774.51.

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People and Culture Strategy 2016 (Our People, Our Culture, This Place)

At the City of Port Phillip our aspiration is to be a high performing, future ready organisation, regarded as a progressive leader in local government delivering best value outcomes for our growing community.

Six goals have been identified as key to achieving our aspiration:

- 1 A strong culture and connection**
To be values driven and achievement oriented
- 2 Inspiring leadership**
To enable our people to work to their full potential
- 3 Courage to lead change and innovation**
To be a progressive community focused leader in local government
- 4 An agile and capable workforce**
To be a future ready, responsive and continuously learning workforce
- 5 A commitment to safety and wellbeing**
To ensure a safe and healthy workplace
- 6 A quality employee experience**
To be an employer of choice, attracting and retaining the very best people

These six goals translate into direct action areas within the People and Culture Strategy 2016: Culture and Connection, Inspiring Leadership, Change and Innovation, Agile and Capable, Safety and Wellbeing, and the Employee Experience.

Annual road maps have been developed for each action area setting out initiatives and targets for the period 2016-2019. A reporting dashboard has also been developed to track our performance against a range of key enterprise wide measures and to ensure that we remain on track.

Learn. Develop. Grow.

Investing in our people capability is an established priority for the People and Culture Strategy. Through the Learning and Development Calendar in 2015/16 we offered 63 programs that were attended by 678 staff members.

Study assistance is available to staff undertaking accredited courses related to their current work or local government careers. In 2015/16, 17 staff members participated in this program, using 425 hours of study leave.

Leadership Development Program

We aim to develop our leaders to drive organisational culture and performance. Our leaders support and motivate employees and teams to achieve their goals, and aspire to deliver remarkable outcomes and value to our growing community.

We offer a suite of leadership development experiences and opportunities to support our people, including:

- Executive Leadership Team development program
- Senior Leadership Team development program
- Coordinator "Cultivating Your Leadership" program
- Individual coaching for senior staff
- Leader as Coach program
- 360 degree feedback for leaders, using the Life Styles Inventory™, a questionnaire based tool designed to provide feedback about an individual's thinking and behaviour in a way that promotes constructive change
- Local Government Managers Australia (LGMA) Australasian Management Challenge.

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Human resources training suite

We continue to offer a suite of three human resource focused training programs, developed and delivered by our Culture and Capability team to our organisation. The programs cover recruitment, performance management, flexibility, grievances and career progression. In 2015/16, 49 staff members completed the eLearning Recruitment and Selection module, while 83 staff members completed the suite of masterclasses in recruitment, HR Management and Positioning Smart.

Participant feedback received reinforces that these programs are appropriately customised to local government, and in particular to our organisation.

Equal opportunity

We are an equal opportunity employer and work in accordance with our statutory requirements under the **Victorian Equal Opportunity Act 2010**, and federal legislation as it relates to equal opportunity.

Our equal employment opportunity policy, Respect for Others, supports our vibrant and diverse work environment, where our people can develop professionally and personally, free from harassment, discrimination and bullying. Our values of working together, courage and integrity, creative and strategic thinking, personal growth and performance, and accountability support a culture of respect for each other in all aspects of employment, training and service. This year, 220 participants attended 12 equal opportunity education sessions.

Health and wellbeing program

Our health and wellbeing program, Enjoying Life, continues to receive positive feedback and achieve healthy outcomes for the staff and the organisation. In 2015/16, we continued the work of the staff committee to develop and facilitate a range of programs, including fitness and healthy eating, to meet the needs of an increasingly diverse workforce. We are committed to supporting the wellbeing of employees to support a productive and healthy workforce.

Employee Assistance Program

Our Employee Assistance Program is designed to assist staff to meet the challenges and demands of their personal and work lives. This professional and confidential service provides employees and their immediate families short term support for a variety of work-related and personal issues. During the year, 91 people used 183 hours of the service, to support their ongoing health and wellbeing.

Occupational Health and Safety

We are committed to fulfilling our obligations 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.

In 2015/16, we increased our focus and attention on ensuring the safety of our employees and community, and developed a comprehensive strategy to improve our effectiveness in managing risks. We continuously improve the safety and wellbeing of our people through regular reviews and updates of our processes and systems, and undertake a variety of training, induction and audit functions.

We regularly monitor health and safety data for our organisation. At the end of 2015/16 we recorded the following results:

Total recordable injury freq. rate (injuries per million work hours)	Number of standard WorkCover claims	Victoria average WorkCover premium (industry performance)	City of Port Phillip's WorkCover premium
19.43	12	1.34%	1.43%

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Aboriginal landmark signage unveiled during Reconciliation Week

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Freedom of Information Act

Under the *Freedom of Information Act 1982*, everyone has the right to access certain information held by Council. The Act requires Council to publish certain details about itself and its functions, and also enables individuals to correct their personal information held by Council. The City of Port Phillip vigorously supports the objective of this Act.

Requests for access to Council documents under the *Freedom of Information Act 1982* must be in writing, and must provide sufficient information to identify the particular document(s) being sought. In 2015/16, the application fee for a request was \$27.20. Avenues for appeal are built into this Act.

More information, including a request form, is available on our website at www.portphillip.vic.gov.au/freedom_of_information.htm

Principal Officer: Tracey Slatter, CEO

Details of Freedom of Information (FOI) requests 2015/16

Total number of FOI requests received	48
Total number of valid requests (including requests under consideration as at 30 June 2016)	41
Number of requests where access was granted in full	2
Number of requests where access was granted in part	29
Number of requests where access was denied in full	2
Number of requests where no documentation was found	1
Number of requests withdrawn	5
Number of requests under consideration as at 30 June 2016	14
Number of appeals lodged with the FOI Commissioner	2
Total application fees collected	\$1,088.00
Total application fees waived	\$81.60

Protected Disclosure Act

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and protecting them when they do.

The City of Port Phillip is committed to the aims and objectives of the *Protected Disclosure Act 2012*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct. The City of Port Phillip will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

Procedures for making a disclosure under this Act are publicly available on Council's website at www.portphillip.vic.gov.au/protected-disclosure.htm

There were no disclosures notified to the Independent Broad-based Anti-corruption Commission under section 21(2) of the Act during the 2015/16 financial year.

Privacy and Data Protection Act

The City of Port Phillip is committed to full compliance with our obligations under the *Privacy and Data Protection Act 2014*. Our Information Privacy Policy (including Guidelines and Procedures) is available at Council offices and on our website at www.portphillip.vic.gov.au/privacy_policy.htm

The objective of the policy is to ensure the responsible collection and handling of individuals' personal and health information. The policy explains the ten Information Privacy Principles, and how Council goes about adhering to these Principles.

Contracts

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

Domestic Animal Management Plan 2012-16

Under the *Domestic Animals Act 1994*, Council is required to undertake an annual evaluation of the implementation of our Domestic Animal Management Plan.

The City of Port Phillip Domestic Animal Management Plan 2012-16 aims to promote safe and responsible pet ownership. Implementation of the plan is on track, and during the year we:

- conducted foreshore patrols along all beaches during the summer months and engaged with over 500 dog owners promoting compliance with provisions of the *Domestic Animals Act 1994*
- improved overall pet registration campaigns and programs, which resulting in an increase in the number of animals registered
- carried out targeted education programs in hotspot areas throughout our City, which resulted in positive behaviour change for non-compliant dog owners and improved their understanding of their obligations.

Next year, we will continue to focus on:

- improving a city wide audit of all pet registrations
- implementing education programs that address the ongoing issues of nuisance animals and dog attacks
- increasing roving patrols in all areas to ensure stricter compliance throughout the City parklands, public places and foreshore areas.

Development of the next Domestic Animal Management Plan will take place in 2017.

Carers Recognition Act

The City of Port Phillip acknowledges the important contribution of carers in supporting older people and people with a disability to maintain independence and remain living in their local communities.

In 2015/16, Council initiated a number of activities that align with the *Carers Recognition Act 2012*.

Achievements included:

- The Home and Community Care (HACC) program delivered 7,356 respite hours for HACC recipients, which also enabled their carers to have respite from their caring role.
- The Social Inclusion team provided a quarterly carers outing for nine carers delivering 87 hours of respite. The program provided an opportunity for carers to share information and meet with other people in carer roles.
- The Joint Councils Access for All Abilities (JCAAA) service provided 9,379 hours of respite care for carers of people with disability. Activities included arts, sport, recreation and school holiday programs.
- Port Phillip and Glen Eira MetroAccess officers celebrated Carers Week, organising a free cinema event for carers, which was attended by 44 residents from across Port Phillip and Glen Eira cities.
- Council officers maintained relationships with regional respite services through participation on the Respite South Network, facilitated by Alfred Care Services. The network enables Council to keep up to date with current trends and gain knowledge to help plan respite options available to carers.

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Disability Act

The City of Port Phillip strives to ensure equity of access for all, in accordance with the **Commonwealth Disability Discrimination Act 1992** (DDA) and the **Victorian Disability Act 2006**.

The City of Port Phillip Access Plan 2013-2018 aims to ensure our City is a welcoming and safe place for all, where people living with disability can participate in community life without barriers.

Over 50 initiatives were progressed during 2015/16. A selection of these initiatives are outlined below:

Culture and community

- For the first time the St Kilda Film Festival included a captioned encore session for people with hearing impairments making this festival a fully accessible event.
- Access was increased at the St Kilda Festival by installing more than 30 large map signs throughout the festival precinct, with way-finding tools, as well as clearly marked accessible toilets, parking and an accessible drop-off zone.
- A safety and access audit was conducted for the St Kilda Esplanade Market, and recommendations are currently being implemented.

Employment and training

- For the second year running, Council's 'Summer in the City' campaign provided work experience opportunities for young people with disabilities attending Montague Continuing Education Centre.
- Meeting and Events duty officers participated in disability awareness training resulting in officers including access needs as part of their site inductions with hall hirers.
- All ASSIST customer service staff have been trained in the use of communication boards, which use pictures as an alternative way to interact with people who have communication challenges. These boards are available at ASSIST service counters.
- Accessibility training is now required for staff updating website content.
- Flexible work arrangements are available to employees with disability.

Information, communication and engagement

- An accessible communication and engagement consultation process was implemented as part of the Acland Street Upgrade project.
- A text-to-speech tool for website users called ReadSpeaker was piloted during the year. A user group evaluation and usage statistics identified the benefits of this tool and it will continue to be available in 2016/17.

Infrastructure and transport

- A free community transport service operates five days a week and is accessible for residents with disabilities.
- Access audits are utilised in the development of annual Building Renewal and Building Compliance programs.
- Adopted in February 2016, the South Melbourne Market Strategic Plan 2015-2020 Vision includes its commitment to being accessible and inclusive to the whole community. Stallholders are encouraged to engage an Access Consultant for any refurbishments or new fit outs.

Policy and planning

- The City of Port Phillip's Social Justice Charter is consistently used as a mechanism to advocate for social justice and human rights, including disability, across Council's operations. In 2015/16, Port Phillip's MetroAccess officer provided advice on several capital works upgrade plans, resulting in increased physical access to all facilities, including garden areas and accessible signage. These included:
 - Fishermans Bend Community Centre
 - Bubup Nairn Family and Children's Centre
 - Liardet Street Community Centre
 - South Melbourne Community Centre
 - Ferrars Street Primary School
 - Public Toilet Strategy initiatives

Sports, recreation and open spaces

- Construction commenced on the fully accessible Changing Places facility as part of the St Kilda Life Saving Club upgrade.
- Council's Sport and Recreation team facilitated a range of initiatives for people with disability, including the Modified Sports program is an on-court program targeting skill development and fitness for people with disability. Community Service agreements with the State Sports Centres Trust to provide a swimming program to increase water awareness and swimming lessons for people with disability.
- A review of the Public Space Accessibility Program 2015-19 resulted in prioritising the Beacon Cove Access Audit for the first two years of the program.

Further information about our commitments under the *Disability Act 2006* is available online at www.portphillip.vic.gov.au/access_plan.htm

Best Value Report 2015/16

We are committed to continuously improving our services and providing value for money to our residents. This commitment is in compliance with the *Local Government Act 1989*, which details six Best Value principles:

- 1 Services provided by a Council must meet quality and cost standards.
- 2 Services provided by a Council must be responsive to the needs of its community.
- 3 Services provided by a Council must be accessible to those members of the community for whom the service is intended.
- 4 Council must achieve continuous improvement in the provision of services for its community.
- 5 Council must develop a program of regular consultation with its community in relation to the services it provides.
- 6 Council must report regularly to its community on its achievements in relation to the five principles above.

Delivering best value

In 2015/16 we carried out a multi-faceted approach to deliver best value.

We partnered with the City of Melbourne to support staff development in Lean Thinking and continuous service and business improvement skills. The program has two components, including the Continuous Improvement Practitioners and Introduction to Lean. During the year we introduced approximately 300 staff to Lean and we graduated 20 new practitioners making a total of 40 practitioners throughout the organisation, who are on track to deliver measureable benefits through improvements.

During 2015/16 we saved the community approximately 19,000 days of waiting time, or 10 minutes for every Port Phillip resident, by improving community facing processes. Three initiatives that contributed to this result were:

- issuing parking permits on the spot rather than processing offline and sending in the post - saving 9,292 days waiting
- filling childcare vacancies faster from 148 days on average in 2013 to 42 days on average in 2015 - saving 7,809 days waiting
- reducing the average time taken to fulfil Councillor requests by an average of two days through two process improvements - saving 1,580 days waiting.

We continued our Productivity and Efficiency Savings Program, which was established in 2014/15 to identify and realise efficiency savings across the organisation as a way of responding to external and internal budgetary pressures, and demonstrating value for money to councillors and the community.

In 2015/16, we delivered \$3 million in permanent ongoing efficiency savings. Savings were achieved through the Lean program, decommissioning unused or superseded technology, generating additional revenue through increased sponsorship and use of facilities, and reviewing our bills for accuracy. At the same time we reduced staff time on task by 3,400 hours, which has freed up 91 working weeks to be redirected to higher priority services. This was achieved through reducing duplication and handling, improving automation and greater centralisation.

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We funded eight innovation projects through our Business Enablement and Innovation Fund. The fund provides up to \$100,000 for small projects that can be completed within three months and improve staff efficiency through the use of technology.

Identifying surplus assets that were not providing a critical community service led to Council selling four properties for \$3.3 million in 2015/16. Some of this revenue will be reinvested to restore the Palais Theatre while the bulk of it will be held in reserves for future acquisition of assets of higher strategic value.

We introduced a Best and Final offer approach to contracts and procurement, where vendors submit their last and most attractive bids in response to a contract for a particular project. As a result we have projected savings of \$1.25 million delivered across a number of different areas.

We continued our rolling program of service reviews to ensure continuous improvement in the provision of our services, and seek to ensure that our services are equivalent to the best on offer within our region. In 2015/16, we reviewed the arts, family support, adventure playgrounds and mowing services.

As a result of all this work our organisation was a finalist in the IPAA Victoria Leadership in the Public Sector Awards for our continuous improvement capability program.

Risk management

Council continues its commitment to proactive risk management with the aim of improving its decision making, performance, transparency and accountability.

Council's risk management practices contribute to the City's liveability and sustainability by avoiding, minimising and managing risk that may affect the community and visitors.

Risk awareness

Council manages risk through its Risk Management Policy and Risk Management Framework and building a culture of responsibility across our workforce.

Our Risk Management Policy provides a common platform for the management of risk across the organisation. The Risk Management Framework provides the structures and processes to facilitate delivery of our corporate objectives by identifying and managing risks and potential impacts on projects and services. The framework is based on International Standard ISO 31000:2009 and is reviewed every two years.

In 2016, Council began the six-monthly review of its risk management framework and policy, and participated in an internal audit of the risk management function. With the assistance of its internal auditors Council also undertook a capability review of risk management to identify the current and desired future state of maturity in regard to risk management. Overall, risk management performed well with several medium and low priority areas of focus for 2016/17.

Risk Register

Council's Risk Register covers both strategic and operational risks, and is reviewed in its entirety on an annual basis. Treatment plans are also formulated for any high or extreme level risks, to lower the level of risk to a more acceptable medium/low risk target. The risk assessment identifies, rates and treats risks.

All risks are monitored and reviewed regularly, and reported to the Executive Leadership Team and Audit and Risk Committee (refer to **Chapter 2 Governing our City** for more information on the Audit and Risk Committee). Lower level operational risk will continue to be managed within operational teams.

This year's annual review focused on refreshing the register and improving training and awareness of Council's risk management framework and methodology for each of Council's 22 service areas.

Business continuity planning

Council continues to refine and update its Business Continuity Plan to ensure it remains current, enabling us to continue operating in the event of a crisis. An annual test of the plan was conducted in July 2015.

Our Business Technology Disaster Recovery Plan continues to be tested on a regular basis, to ensure we can recover data, restore business critical applications and continue operations following service interruptions. The last successful test was conducted in May 2016.

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Public documents

A number of documents are available for public inspection. The majority of our information is available online and can be accessed via the web links provided below.

To inspect documents at the St Kilda Town Hall, located at 99A Carlisle Street, St Kilda, please contact the Governance department via the City of Port Phillip's ASSIST Centre on 03 9209 6777 or www.portphillip.vic.gov.au/contact_us.htm In some instances, we may require requests to be made in writing or via a specific form.

Documents available for public inspection

- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by councillors or any Council officers in the previous 12 months, including the names of the councillors or Council officers and the date, destination, purpose and total cost of the overseas or interstate travel
- Agendas for, and minutes of, Ordinary and Special Council 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 1989*. View online at www.portphillip.vic.gov.au/2016-council-meetings-agendas-minutes.htm
- Minutes of meetings of Special Committees established under Section 86 of the *Local Government Act 1989* and 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 Act
 - Statutory Planning Committee: view online at www.portphillip.vic.gov.au/2016-council-meetings-agendas-minutes.htm
 - Inner Melbourne Action Plan (IMAP) Committee: view online at www.imap.vic.gov.au/index.php?page=past-imap-meetings
 - South Melbourne Market Management Committee: view online at www.portphillip.vic.gov.au/market-committee-strategy.htm
 - Council Neighbourhood Programs Committee
- A register of delegations kept under sections 87(1) and 98(4) of the *Local Government Act 1989*, including the date on which the last review, under sections 86(6) and 98(6) of the Act, took place. View online at www.portphillip.vic.gov.au/Register_of_Delegations.htm
- A register containing details of all leases involving land that were entered into by Council as lessor, and including the lessee, the terms and the value of the lease. View online at www.portphillip.vic.gov.au/Approved_Leases_and_Licences_as_at_25_July_2016.pdf
- A register that shows the names of all people appointed by Council to be authorised officers under 224(1A) of the *Local Government Act 1989*
- A list of donations and grants made by Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

Governance and management checklist

This checklist increases transparent reporting and is prescribed under the *Local Government Act 1989* (the Act). The checklist measures whether a council has strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making.

Governance and management items	Assessment	
Community engagement policy Outlines Council's commitment to engaging with the community on matters of public interest	No policy Our commitment to community engagement is outlined in the Council Plan 2013-17. Our Community Engagement Framework provides an overarching internal road map towards building organisational capability and capacity to support community engagement, and is supported by an internal engagement toolkit to guide officers in community engagement planning and delivery.	
Community engagement guidelines Assists staff to determine when and how to engage with the community	Guidelines (online toolkit) Date of operation of current guidelines: 20 March 2012	✓
Strategic Resource Plan Plan under Section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years	Adopted in accordance with Section 126 of the Act Date of adoption: 28 June 2016	✓
Annual Budget Plan under Section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months, and the funding and other resources required	Adopted in accordance with Section 130 of the Act Date of adoption: 28 June 2016	✓
Asset Management plans Sets out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years	No plans in operation Council's asset management plans are being reviewed based on more recent and detailed asset condition data and modelling. These will be completed alongside the Council Plan and Budget in June 2017. In the meantime, draft plans and the updated asset condition data and modelling have been used to inform the Budget 2016/17.	
Rating Strategy Sets out the rating structure of Council to levy rates and charges	Strategy Date of adoption: 23 June 2015	✓
Risk Policy Outlines Council's commitment and approach to minimising the risks to Council's operations	Policy Date of operation of current policy: 12 June 2012	✓
Fraud Policy Outlines Council's commitment and approach to minimising the risk of fraud	Policy Date of operation of current policy: 1 June 2015	✓
Municipal Emergency Management Plan Plan under Section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery	Prepared and maintained in accordance with Section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 23 May 2016	✓
Procurement Policy Policy under Section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to purchases of all goods, services and works	Prepared and maintained in accordance with Section 20 of the <i>Emergency Management Act 1986</i> Date of adoption: 28 June 2016	✓

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Governance and management items	Assessment	
Business Continuity Plan Sets out the actions that will be taken to ensure that key services continue to operate in the event of a disaster	Plan Date of operation of current plan: 5 March 2014	✓
Disaster Recovery Plan Sets out the actions that will be undertaken to recover and restore business capability in the event of a disaster	Plan Date of operation of current plan: 16 November 2015	✓
Risk Management Framework Outlines Council's approach to managing risks to Council's operations	Framework Date of operation of current framework: 12 June 2012	✓
Audit Committee Advisory committee of Council under Section 139 of the Act whose role is to oversee the integrity of Council's financial reporting, processes to manage risks to Council's operations and compliance with applicable legal, ethical, and regulatory requirements	Established in accordance with Section 139 of the Act Date of establishment: 22 April 2014	✓
Internal audit Independent accounting professionals engaged by Council to provide analysis and recommendations aimed at improving Council's governance, risk and management controls	Engaged Date of engagement of current provider: 12 August 2015	✓
Performance Reporting Framework Indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 131 of the Act	Framework Date of operation of current framework: 1 August 2014	✓
Council Plan reporting Reviews the performance of Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year	Report Date of operation of current report: 23 February 2016	✓
Financial reporting Quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure	Statements presented to Council in accordance with Section 138(1) of the Act Dates statements presented: 27 October 2015, 23 February 2016, 26 April 2016, 23 August 2016	✓
Risk reporting Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring, and risk minimisation strategies	Reports Date of reports: 19 November 2015, 23 June 2016	✓
Performance reporting Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in Section 131 of the Act	Reports Date of reports: 23 February 2016, 26 July 2016	✓
Annual Report Annual Report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements	Considered at an Ordinary meeting of Council in accordance with Section 134 of the Act Date of consideration: 27 October 2015	✓

Governance and management checklist

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Governance and management items	Assessment
Councillor Code of Conduct Code under Section 76C of the Act setting out the conduct principles and dispute resolution processes to be followed by Councillors	Reviewed in accordance with Section 76C of the Act Date reviewed: 28 June 2016 ✓
Delegations Sets out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff	Reviewed in accordance with Section 98(6) of the Act Date reviewed: Council delegations to CEO: 25 June 2013 Council delegations to staff: 9 February 2016 CEO delegations to staff: 22 April 2016 ✓
Meeting procedures Local law governing the conduct of meetings of Council and special committees	Meeting procedures local law made in accordance with Section 91(1) of the Act Date local law made: 14 December 2009 ✓

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

Bernadene Voss

Mayor and Councillor

Date: 1 September 2016

St Kilda



Tracey Slatter

Chief Executive Officer

Date: 1 September 2016

St Kilda



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Opening of the Alma Park Pavilion

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Understanding the Financial Report

The financial report includes a General Purpose Financial Report and a Performance Statement for the Port Phillip City Council for the year ended 30 June 2016. The report highlights Council's financial performance and overall position at the close of the 2015/16 financial year (30 June 2016) 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*, *Local Government (Finance and Reporting) Regulations 2004* and the *Local Government (Planning and Reporting) Regulations 2014*.

Introduction

This report has been prepared to assist readers' understanding of the Financial Report 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 report 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 Report?

The Council's Financial Report has two main sections: the Financial Statements and the accompanying notes.

There are five Financial Statements and 36 notes.

The five Financial Statements are the:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works.

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 and Risk Committee, presented to Council for in principle approval, and then presented to the Auditor-General for audit.

Comprehensive Income Statement

The Comprehensive **Income** Statement 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
- 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.

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Balance Sheet

The 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 Balance Sheet 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 three months.
- **Trade and Other Receivables** are monies owed to the Council for rates, parking, fines, GST refunds, home support, and other services provided by the Council.
- **Other Financial Assets** reference the value of Council's longer term financial investments (maturity greater than three months), such as bank bills, term deposits and floating rate notes, as well as the value of shares Council holds.
- **Non-Current Assets Classified as Held for Sale** represents the value of assets and related liabilities less costs to sell that are earmarked for a highly probable sale in the coming financial period.
- **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.
- **Investments in associates and joint ventures** includes the Council's portion of post-acquisition profits or losses of arrangements in which they have either have significant influence or joint control.

- **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 and leased vehicles.

Current and Non-Current Liabilities

- **Trade and Other 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 Loans and Borrowings** 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
- **Reserves**
Comprise asset revaluation reserves which are the difference between the previously recorded value of assets and their current valuations; and general reserves which are 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;
- 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.

Statement of Capital Works

The Statement of Capital Works expands on the payments the Council has made for property, infrastructure, plant and equipment identified in the Statement of Cash Flow.

The Council's capital works occur in three main areas:

• Property

Relates to land, buildings and leasehold improvements. Improvements to existing assets are separately identified and heritage buildings are separated from other buildings.

• Plant and Equipment

Comprises fixtures, fittings and furniture, computers and telecommunications, library books, heritage plant and equipment and other plant, machinery and equipment.

• Infrastructure

Includes roads, bridges, footpaths and cycleways, drainage, recreational, leisure and community facilities, waste management, parks, open space and streetscapes and off street car parks.

The Council's total capital works payments for the year is then also categorised into new, renewed, expanded or upgraded asset expenditure.

This statement reflects Council's investment in a broad spectrum of community assets. It also demonstrates whether the expenditure was made for new assets or modifications to existing assets.

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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.

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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, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the Statement of Capital Works.

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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 breakdown of expenses, revenues, reserves, and other assets
- Transactions with persons related to the Council.

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

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Performance Statement

The Performance Statement reports sustainable capacity performance, service performance and financial performance including forecast results for the next four years from the Strategic Resource Plan. It also includes a description of the municipal district including its size, location and population and has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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Compliance & accountability

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 their opinion, the Financial Statements have met all the statutory and professional reporting requirements.

The certification by two Councillors and the Chief Executive Officer is a statement 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 fairly present the results in all material respects of the Council and comply with the statutory reporting requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*. 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 in accordance with the statutory requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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Financial Statements

for year ended 30 June 2016

Comprehensive Income Statement

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Income			
Rates and charges	3	113,146	106,759
Statutory fees and fines	4	20,081	18,067
User fees	5	33,319	31,220
Grants - operating	6	8,884	11,875
Grants - capital	6	1,210	1,594
Contributions - monetary	7	6,857	3,802
Contributions - non-monetary	7	17	71
Other income	9	12,186	12,232
Total Income		195,700	185,620
Expenses			
Employee costs	10	80,932	77,103
Materials and services	11	67,141	68,574
Bad and doubtful debts	12	3,332	2,147
Depreciation and amortisation	13	21,663	19,072
Borrowing costs	14	452	417
Other expenses	15	9,409	11,084
Net loss on disposal of property, infrastructure, plant and equipment	8	3,137	3,279
Share of net losses of associates and joint ventures	16	26	36
Total expenses		186,092	181,712
Surplus / (Deficit) for the year		9,608	3,908
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	27	224,998	218,055
TOTAL COMPREHENSIVE RESULT		234,606	221,963

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

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Balance Sheet

As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	11,105	24,714
Trade and other receivables	18	11,689	10,808
Other financial assets	19	49,500	32,300
Non-current assets classified as held for sale	20	4,248	3,144
Other assets	21	8,207	1,659
Total current assets		84,749	72,625
Non-current assets			
Investments in associates and joint ventures	16	356	382
Other financial assets	19	235	235
Property, infrastructure, plant and equipment	22	2,555,980	2,331,235
Total non-current assets		2,556,571	2,331,852
Total assets		2,641,320	2,404,477
Liabilities			
Current liabilities			
Trade and other payables	23	17,029	13,027
Trust funds and deposits	24	4,990	7,728
Provisions	25	12,165	11,543
Interest-bearing loans and borrowings	26	660	582
Total current liabilities		34,844	32,880
Non-current liabilities			
Provisions	25	2,824	2,502
Interest-bearing loans and borrowings	26	8,413	8,462
Total non-current liabilities		11,237	10,964
Total liabilities		46,081	43,844
NET ASSETS		2,595,239	2,360,633
Equity			
Accumulated surplus		630,360	622,911
Reserves	27	1,964,879	,737,722
TOTAL EQUITY		2,595,239	2,360,633

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

Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
2016					
Balance at beginning of the financial year		2,360,633	622,911	1,707,738	29,984
Surplus/ (deficit) for the year		9,608	9,608	-	-
Net asset revaluation increment/(decrement)	27(a)	224,998	-	224,998	-
Transfers to other reserves	27(b)	-	16,899	-	(16,899)
Transfers from other reserves	27(b)	-	(19,058)	-	19,058
Balance at end of the financial year		2,595,239	630,360	1,932,736	32,143
2015					
Balance at beginning of the financial year		2,138,670	624,858	1,489,683	24,129
Surplus for the year		3,908	3,908	-	-
Net asset revaluation increment	27(a)	218,055	-	218,055	-
Transfers to other reserves	27(b)	-	(13,418)	-	13,418
Transfers from other reserves	27(b)	-	7,563	-	(7,563)
Balance at end of the financial year		2,360,633	622,911	1,707,738	29,984

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

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Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		112,944	106,735
Statutory fees and fines		16,334	17,814
User fees		33,452	29,072
Grants- operating		9,165	12,319
Grants- capital		1,210	1,396
Contributions- monetary		6,857	3,802
Interest received		1,493	1,638
Trust funds and deposits taken		52,161	51,573
Other receipts		11,513	11,315
Net GST refund/(payment)		7,944	6,894
Employee costs		(80,269)	(76,495)
Materials and services		(70,455)	(73,348)
Trust funds and deposits repaid		(54,899)	(48,894)
Other payments		(10,815)	(12,312)
Net cash provided by/(used in) operating activities	28	36,635	31,509
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(32,138)	(23,822)
Proceeds from sale of property, infrastructure, plant and equipment		208	266
Payments for investments		(49,500)	(32,300)
Proceeds from sale of investments		32,300	22,623
Net cash provided by/(used in) investing activities		(49,130)	(33,233)
Cash flows from financing activities			
Finance costs		(452)	(417)
Proceeds from borrowings		-	7,500
Repayment of borrowings		(662)	(8,119)
Net cash provided by/(used in) financing activities		(1,114)	(1,036)
Net (decrease) increase in cash and cash equivalents		(13,609)	(2,760)
Cash and cash equivalents at the beginning of the financial year		24,714	27,474
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		11,105	24,714
Financing arrangements	29		
Restrictions on cash assets	17		

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

Statement of Capital Works

For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Property		
Land	-	-
Total land	-	-
Buildings	7,859	7,043
Total buildings	7,859	7,043
Total property	7,859	7,043
Plant and equipment		
Heritage plant and equipment	61	179
Plant, machinery and equipment	2,243	2,775
Fixtures, fittings and furniture	109	345
Computers and telecommunications	1,555	504
Library books	785	770
Total plant and equipment	4,753	4,573
Infrastructure		
Roads	3,857	5,794
Bridges	-	-
Footpaths and cycleways	4,408	2,009
Drainage	1,415	1,078
Parks, open space and streetscapes	2,636	2,992
Off street carparks	-	-
Other infrastructure	1,577	918
Total infrastructure	13,893	12,791
Total capital works expenditure	26,505	24,407
Represented by:		
New asset expenditure	6,124	6,624
Asset renewal expenditure	15,577	13,966
Asset expansion expenditure	747	837
Asset upgrade expenditure	4,057	2,980
Total capital works expenditure	26,505	24,407

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

Notes to the Financial Report

For the year ended 30 June 2016

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.

Statement of compliance

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

Note 1: Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

(b) Change in accounting policies

There have been no changes in accounting policies from the previous period.

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Note 1: Significant accounting policies (continued)

c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2016, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

An assessment by management has determined that there are no consolidated entities for the 30 June 2016 reporting period.

d) Committees of management

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

(e) Accounting for investments in associates and joint arrangements

Associates

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint operations

Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

In 1997 Council entered into a joint venture agreement with Wesley College for the maintenance and operation of the Albert Park Hockey and Tennis Centre. Council's 50 per cent share of the Albert Park Hockey and Tennis Centre's net assets and liabilities as at the end of the financial year were previously recognised on a proportionately consolidated basis but are now recognised as a single line investment under the equity method in accordance with AASB 11. Refer to Note 16.

(f) Revenue recognition

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

Rates and Charges

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

Statutory fees and fines

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

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured. The grants are valued at their fair value at the date of transfer.

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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

(g) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. All Council property, plant, infrastructure and equipment assets have been categorised as Level 3 within the fair value hierarchy.

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

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Note 1: Significant accounting policies (continued)

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(j) Other financial assets

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

Shares in Procurement Australia, Regional Kitchen Pty Ltd and RFK Pty Ltd are measured at historical cost.

(k) Non-current assets classified as held for sale

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(l) Recognition and measurement of property, plant and equipment and infrastructure

Acquisition

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

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

In accordance with Council's policy, the threshold limits detailed in Note 1 (m) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22 Property, infrastructure, plant and equipment.

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 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. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report. From 1 July 2008, Council recognises any material land under roads that comes into Council's control within the financial report at fair value.

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Note 1: Significant accounting policies (continued)

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

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

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and/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. Leasehold assets are amortised over the life of the lease.

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

Asset type	Depreciation period	Threshold limit
Property		
Land	-	All
Land improvements	10 - 100 years	\$5,000
Buildings		
Heritage buildings	100 years	\$5,000
Buildings	25 - 100 years	\$5,000
Building improvements	100 years	\$5,000
Leasehold improvements	100 years	\$5,000
Plant and Equipment		
Heritage plant and equipment	100 years	\$2,000
Plant, machinery and equipment	4-7 years	\$2,000
Fixtures, fittings and furniture	5 years	\$2,000
Computers and telecommunications	3-6 years	\$2,000
Library books	5 years	All
Motor vehicles	5 years	All
Infrastructure		
Road pavements and seals	18-30 years	\$5,000
Road substructure	100 years	\$5,000
Road formation and earthworks	100 years	\$5,000
Road kerb, channel and minor culverts	50 years	\$5,000
Bridges deck	20 - 80 years	\$5,000
Bridges substructure	40 - 100 years	\$5,000
Footpaths and cycleways	40 - 50 years	\$5,000
Drainage	150 years	\$5,000
Recreational, leisure and community facilities	10 - 100 years	\$5,000
Waste management	10 years	\$5,000
Parks, open space and streetscapes	10 - 100 years	\$5,000
Off street carparks	100 years	\$5,000

(n) Repairs and maintenance

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

(o) Impairment of assets

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

(p) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 24).

(q) Borrowings

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

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

Borrowing costs

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

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

(r) Employee costs and benefits

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

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

Current Liability - unconditional LSL representing seven years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months. The components of this current liability are measured at :

present value - component that is not expected to be settled within 12 months.

nominal value - component that is expected to be settled within 12 months.

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Note 1: Significant accounting policies (continued)

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

(s) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability 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. Leased assets are currently being amortised over a four to seven year period.

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

(t) 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.

(u) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 33 Contingent Liabilities and Contingent Assets.

(v) 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.

(w) Pending accounting standards

Certain new Australian Accounting Standards have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(x) Rounding

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

Note 2: Budget comparison

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

The budget figures detailed below are those adopted by Council on 23 June 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and Expenditure

	Budget \$'000	Actual \$'000	Variance \$'000	Ref
Income				
Rates and charges	113,146	113,146	-	
Statutory fees and fines	16,588	20,081	3,493	1
User fees	31,431	33,319	1,888	2
Grants - operating	10,243	8,884	(1,359)	3
Grants - capital	1,734	1,210	(524)	4
Contributions - monetary	2,500	6,857	4,357	5
Contributions - non-monetary	-	17	17	6
Other income	12,864	12,186	(678)	7
Total income	188,506	195,700	7,194	
Expenses				
Employee costs	80,245	80,932	(687)	
Materials and services	65,034	67,141	(2,107)	8
Bad and doubtful debts	109	3,332	(3,223)	9
Depreciation and amortisation	18,644	21,663	(3,019)	10
Borrowing costs	459	452	7	
Other expenses	11,073	9,409	1,664	11
Net loss on disposal of property, infrastructure, plant and equipment	-	3,137	(3,137)	12
Share of net profits losses of associates and joint ventures	-	26	(26)	13
Total expenses	175,564	186,092	(10,528)	
Surplus/(deficit) for the year	12,942	9,608	(3,334)	

Notes to the Financial Report

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a) Income and Expenditure- Explanation of Material Variances

Ref	Item	Explanation
1	Statutory fees and fines	The favourable variance of \$3.49 million is due to parking doubtful debts expenditure of \$3.3 million budgeted to offset income which has been reclassified to expenses. See note 9 below.
2	User fees	The favourable variance of \$1.88 million is due to: <ul style="list-style-type: none"> • additional income received from street occupation permits - \$1.19 million due to increased developments within the municipality. • the change in fee structure for parking permits resulted in a net income increase of \$0.2 million. • additional income from South Melbourne Market of \$0.25 million due to increased use of stalls and roof-top parking.
3	Grants - operating	The unfavourable variance of \$1.36 million is due to the early receipt of grants in 2014/15 for: <ul style="list-style-type: none"> • the 2015/16 Victorian Grants Commission instalments of \$1.255 million • the Albert Park Lake Storm Water Harvesting project \$0.2 million.
4	Grants - capital	The unfavourable variance of \$0.52 million is mainly due to the early receipt of capital grants in 2014/15 for Elwood Beach Community Centre \$0.22 million and Nott Street Upgrade \$0.20 million.
5	Contributions - monetary	The favourable variance of \$4.36 million is due to higher than expected property development within the municipality, especially in the St Kilda South, St Kilda Hill, and Fishermans Bend Urban Renewal Area.
6	Contributions - non-monetary	The favourable variance of \$17,000 is due to assets transferred to Council which were not accounted for in the 2015/16 budget.
7	Other income	The unfavourable variance of \$0.68 million is mainly due to: <ul style="list-style-type: none"> • the loss of rental income as a result of fire damage to a Council building \$0.2 million • \$0.18 million of user charges affiliated with hiring of Council halls reallocated to user fees.
8	Materials and services	The unfavourable variance of \$2.18 million is mainly due to the reallocation of \$3.71 million of project costs initially budgeted as capital but written off to operating expenditure in accordance with Australian Accounting Standards.
9	Bad and doubtful debts	The unfavourable variance of \$3.22 million is due to the reclassification of \$3.3 million of parking doubtful debts expense for the 2014/15 financial year, which was included within parking revenue in the 2014/15 budget. See Note 1 above.
10	Depreciation and amortisation	The unfavourable variance of \$3.02 million is mainly due to the following which were not allocated to the 2015/16 budget: <ul style="list-style-type: none"> • the impact of roads and parks asset revaluations in 2014/15 which increased the value of Council's asset base by \$29.0 million resulting in increased depreciation expenditure of approximately \$725,000 for the 2015/16 financial year. • \$40.0 million of new assets additions during 2014/15 and 2015/16.
11	Other expenses	The favourable variance of \$1.65 million is due to: <ul style="list-style-type: none"> • the change in accounting treatment of fleet leases from operating to finance leases has resulted in a reduction of operating expenditure by \$0.68 million and a corresponding increase in finance lease repayments. • council's \$0.5 million commitment to affordable community housing being held in reserve to be distributed by an expression of interest process to be undertaken in 2016/17. • budgeted \$0.75 million provision for child care facility improvements (infrastructure levy) has been accounted for in the balance sheet as cash backed reserve increase.
12	Net loss on disposal of property, infrastructure, plant and equipment	The unfavourable variance of \$3.14 million is due to the residual value written off for infrastructure assets upgraded in 2015/16, which was not accounted for in the budget.
13	Share of net profits losses of associates and joint ventures	Council's share of the Albert Park Hockey and Tennis Centre joint venture was budgeted to breakeven, however for 2015/16 a minor loss was incurred.

b) Capital Works

	Budget \$'000	Actual \$'000	Variance \$'000	Ref
Property				
Land	-	-	-	
Total land	-	-	-	
Buildings	13,035	7,859	(5,176)	1
Heritage buildings	-	-	-	
Building improvements	-	-	-	
Leasehold improvements	-	-	-	
Total buildings	13,035	7,859	(5,176)	
Total property	13,035	7,859	(5,176)	
Plant and equipment				
Plant, machinery and equipment	2,284	2,304	20	2
Fixtures, fittings and furniture	-	109	109	3
Computers and telecommunications	1,185	1,555	370	4
Library books	795	785	(10)	
Total plant and equipment	4,264	4,753	489	
Infrastructure				
Roads	10,479	3,857	(6,622)	5
Bridges	-	-	-	
Footpaths and cycleways	3,100	4,408	1,308	6
Drainage	1,440	1,415	(25)	
Recreational, leisure and community facilities	-	-	-	
Waste management	-	-	-	
Parks, open space and streetscapes	3,859	2,636	(1,223)	7
Off street carparks	-	-	-	
Other infrastructure	-	1,577	1,577	8
Total infrastructure	18,878	13,893	(4,985)	
Total capital works expenditure	36,177	26,505	(9,672)	
Represented by:				
New asset expenditure	7,146	6,124	(1,022)	9
Asset renewal expenditure	23,614	15,577	(8,037)	10
Asset expansion expenditure	1,494	747	(747)	11
Asset upgrade expenditure	3,923	4,057	134	
Total capital works expenditure	36,177	26,505	(9,672)	

Notes to the Financial Report

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Note 2: Budget comparison (continued)

b) Capital Works - Explanation of Material Variances

Ref	Item	Explanation
1	Buildings	<p>Net under expenditure of \$5.176 million due to the deferral of expenditure on several major projects which have commenced and will be completed in 2016/17;</p> <ul style="list-style-type: none"> - Council's contributions to works at the Palais Theatre (\$2,414 million) - redevelopment of St Kilda Life Saving Club (\$0.675 million) - replacement of the South Melbourne Market Rooftop Crash Barrier (\$0.500 million) - St Kilda Town Hall Safe Roof Access and Solar installation (\$0.314 million) - Point Ormond Public Toilet Upgrade (\$0.206 million)
2	Plant, machinery and equipment	<p>Budget was overstated by \$0.795 million due to the inclusion of computers and telecommunications in this asset category.</p> <p>Net over expenditure of \$0.815 million primarily due to the capitalisation of finance leases for street and beach cleaning plant and equipment which was budgeted in operating.</p>
3	Fixtures, fittings and furniture	<p>Net over expenditure of \$0.109 million is due to the purchase of office furniture which was budgeted for in the buildings asset class.</p>
4	Computers and telecommunications	<p>Budget was understated by \$0.795 million due to the inclusion of computers and telecommunications in the plant, machinery and equipment budget.</p> <p>Net under expenditure of \$0.425 million due to delays due to complexities in the Core IT Renewal and Business Transformation programs. Both programs have had projects deferred to 2016/17.</p>
5	Roads	<p>Net under expenditure of \$6.622 million largely due to:</p> <ul style="list-style-type: none"> - cost savings of \$863,000 in the road, kerb and laneway renewal programs realised through better planning, competitive tendering and lower construction costs. - Fitzroy Street streetscape construction being completed in 2015/16 (\$1.30 million) with the majority of the capital expenditure being capitalised to parks, open spaces and streetscapes. - \$1.933 million of expenditure on roads projects was reclassified to operating costs. - Parking ticket machine and street signage and furniture renewals budgeted in roads and capitalised to other infrastructure.
6	Footpaths and cycleways	<p>Over expenditure of \$1.308 million due to components of the major civil roads and drainage renewal programs consisting of footpath works.</p> <p>Additional projects were added to the walk and bike plan during the year due to State Government funding being obtained.</p>
7	Parks, open space and streetscapes	<p>Under expenditure of \$1.223 million is largely due to:</p> <ul style="list-style-type: none"> - Beacon Cove Foreshore infrastructure repair works of \$0.515 million being deferred to complete the project. - Savings being realised across several smaller recreation reserve projects (\$289,000) due to better value materials and increased project delivery efficiencies, - The reclassification of \$840,000 of capital expenditure to operating expenditure. <p>The underspend is partially offset by streetscape works that were budgeted within the roads asset class.</p>
8	Other infrastructure	<p>Over expenditure of \$1.58 million due to street signage and furniture, path lighting and parking ticket machine renewal being budgeted in other asset classes.</p>

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9	New asset expenditure	<p>Under expenditure of \$1.02 million is due to various deferrals, savings and reallocation of project costs to operating for a range of projects, including the following significant items:</p> <ul style="list-style-type: none"> • partial deferral of the St Kilda Life Saving Club works • projects within the business transformation program • cancellation of the Charles Street Balaclava pedestrian connection • reallocations of expenditure for Fitzroy Street Streetscape works.
10	Asset renewal expenditure	<p>Under expenditure of \$8.04 million is due the following significant items:</p> <ul style="list-style-type: none"> • partial deferral of the Palais capital works (\$2.42 million) • Core IT renewal program (\$0.61 million) • South Melbourne Market Rooftop Crash Barrier replacement (\$0.31 million - renewal component) • Beacon Cove foreshore infrastructure repairs (\$0.51 million) • savings in the major civil works renewals program (\$0.93 million) • reallocations of expenditure to operating for completed renewal projects (\$1.53 million).
11	Asset expansion expenditure	<p>Under expenditure of \$0.75 million is due to the partial deferral of St Kilda Life Saving Club and the reclassification of expenditure on Alma Park Pavilion and Middle Park Community Centre refurbishment to operating costs.</p>

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Note 3: Rates and charges

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 2015/2016 was \$2.640 billion (2014/2015 was \$2.621 billion). The 2015/2016 rate in the NAV dollar was \$4.2642 cents (2014/2015: 4.0708 cents).

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	2016 \$'000	2015 \$'000
General Rates	112,087	106,052
Waste management charge	274	261
Special rates and charges	595	595
Special rates and charges applied	(595)	(595)
Supplementary rates and rate adjustments	785	446
Total rates and charges	113,146	106,759

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016 and this valuation was applied to the rating period commencing 1 July 2016.

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Note 4: Statutory fees and fines

	2016 \$'000	2015 \$'000
Infringements and costs	738	743
Court recoveries	68	56
Town planning fees	802	882
Land information certificates	158	166
Permits	1,237	1,120
Parking fines and parking permits	17,078	15,100
Total statutory fees and fines	20,081	18,067

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Note 5: User fees

	2016 \$'000	2015 \$'000
Aged and health services	641	654
Leisure centre and recreation	634	604
Child care/children's programs	8,971	8,716
Parking	15,868	15,040
Registration and other permits	4,565	3,647
Building services	740	689
Waste management services	477	456
Other fees and charges	1,423	1,414
Total user fees	33,319	31,220

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Note 6: Grants

Grants were received in respect of the following:

	2016 \$'000	2015 \$'000
Summary of grants		
Commonwealth funded grants	1,854	4,376
State funded grants	8,240	9,093
Total grants received	10,094	13,469
Operating Grants		
Recurrent - Commonwealth Government		
Victoria Grants Commission	1,298	3,573
Family and children	135	318
Other	41	44
Recurrent - State Government		
General home care	3,491	3,442
Community safety	16	16
Family and children	704	961
Recreation	626	681
Community health	651	582
Primary care partnerships	-	50
Aged care	118	115
School crossing supervisors	88	92
Libraries	603	588
Maternal and child health	643	629
Environmental Planning	100	247
Other	267	301
Total recurrent operating grants	8,781	11,639
Non-recurrent - Commonwealth Government		
Recreation	-	25
Non-recurrent - State Government		
Family and children	-	47
General home care	-	22
Environmental planning	13	115
Maternal and child health	58	-
Other	32	27
Total non-recurrent operating grants	103	236
Total operating grants	8,884	11,875

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Note 6: Grants (continued)

	2016 \$'000	2015 \$'000
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	381	417
Total recurrent capital grants	381	417
Non-recurrent - State Government		
Building	110	1,145
Footpaths and cycleways	23	32
Roads	389	-
Parks and streetscapes	100	-
Non-recurrent - Commonwealth Government		
Roads	207	-
Total non-recurrent capital grants	829	1,177
Total capital grants	1,210	1,594
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,044	1,079
Received during the financial year and remained unspent at balance date	625	294
Received in prior years and spent during the financial year	(319)	(329)
Balance at year end	1,350	1,044

Note 7: Contributions

	2016 \$'000	2015 \$'000
Monetary		
Monetary	6,857	3,802
Non-monetary	17	71
Total contributions	6,874	3,873
Contributions of non-monetary assets were received in relation to the following asset classes:		
Roads	-	43
Other infrastructure	2	28
Other	15	-
Total non-monetary contributions	17	71

Note 8: Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	2016 \$'000	2015 \$'000
Proceeds of sale	208	267
Written down value of assets disposed	(3,345)	(3,546)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(3,137)	(3,279)

Note 9: Other income

	2016 \$'000	2015 \$'000
Interest	1,493	1,572
Property rental	2,325	2,576
Other rent	5,522	5,422
Other	2,846	2,662
Total other income	12,186	12,232

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For the year ended 30 June 2016

Note 10: Employee costs

(a) Employee costs

	2016 \$'000	2015 \$'000
Wages and salaries	58,793	56,327
WorkCover	1,076	761
Casual staff	6,586	5,580
Superannuation	6,219	6,030
Fringe benefits tax	412	432
Other	7,846	7,973
Total employee costs	80,932	77,103

(b) Superannuation

Council made contributions to the following funds:

	2016 \$'000	2015 \$'000
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	399	422
Employer contributions - other funds	-	-
	399	422
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5820	5,608
Employer contributions - other funds	-	-
	5820	5,608
Employer contributions payable at reporting date.	-	-

Refer to note 32 for further information relating to Council's superannuation obligations.

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Note 11: Materials and services

	2016 \$'000	2015 \$'000
Cleaning contract	3,300	3,795
Family and community support contracts	2,028	2,746
Maintenance and construction contracts	7,802	7,990
Parking administration contracts	4,901	4,542
Parks and gardens contract	8,998	7,774
Waste management contracts	8,880	8,682
Other contract payments	6,887	5,981
Building maintenance	33	38
General maintenance	5,837	10,829
Utilities	3,004	2,869
Office administration	4,131	4,803
Information technology	2,368	1,657
Insurance	1,552	1,714
Consultants	7,420	5,154
Total materials and services	67,141	68,574

Note 12: Bad and doubtful debts

	2016 \$'000	2015 \$'000
Parking fine debtors	3,301	1,937
Other debtors	31	210
Total bad and doubtful debts	3,332	2,147

Note 13: Depreciation and amortisation

	2016 \$'000	2015 \$'000
Property	5,009	5,327
Plant and equipment	3,460	2,992
Infrastructure	13,194	10,753
Total depreciation and amortisation	21,663	19,072

Refer to Note 22 for a more detailed breakdown of depreciation and amortisation charges.

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Note 14: Borrowing costs

	2016 \$'000	2015 \$'000
Interest on borrowings	350	298
Interest on finance leases	102	119
Total borrowing costs	452	417

Note 15: Other expenses

	2016 \$'000	2015 \$'000
Contributions and donations	2,994	3,782
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	67	74
Auditors' remuneration - Internal	209	189
Councillors' allowances	321	281
Operating lease rentals	1,416	1,711
Bank charges	467	562
Activities and programs	600	737
Catering costs	541	616
Subscriptions	312	328
Other	2,482	2,804
Total other expenses	9,409	11,084

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Note 16: Investments in associates, joint ventures and subsidiaries

Joint Arrangement - Joint Venture

Interests in joint ventures accounted for by the equity method are:

Joint venture - Albert Park Hockey and Tennis Centre

In 1997 Council entered into a Joint Venture agreement with Wesley College, St Kilda Rd, Prahran for the maintenance and operation of the Albert Park Hockey and Tennis Centre. The Centre is located in Hockey Drive, St Kilda a part of the Albert Park Reserve and is the subject of a lease agreement with the landlord Parks Victoria. This lease expires on the 15th November 2017 and at this time the Joint Venture Agreement expires. At the time of preparing this Annual Report a Council review was underway to assess the possibility of a renewed Joint Venture agreement with Wesley College.

The objective of the Joint Venture is to provide, manage and maintain the Albert Park Hockey and Tennis Centre for use by sporting clubs, schools and residents of Port Phillip municipality and the students of Wesley College. The Joint Venture Agreement provides for a Management Committee with 50% representation and 50% voting power for each of the Joint Venturers. Decisions are made by a majority vote. The Joint Venture Agreement also provides for each party to be paid half of any profit each year or in the case of a loss each party to contribute half of that loss to the Joint Venture.

The Joint Venture reporting period is the 12 months to 31 March each year. This date does not align with reporting date for either Joint Venture party and the historic reason for the selection of 31 March is unknown.

Council has been provided with the financial statements for the 12 months ending 31 March 2016 and Council's investment represents 50% share of the Albert Park Hockey & Tennis Centre's net assets and liabilities as at 31 March 2016.

Notes to the Financial Report

For the year ended 30 June 2016

Note 16: Investments in associates, joint ventures and subsidiaries (continued)

	2016 \$'000	2015 \$'000
Fair value of Council's investment in Albert Park Hockey and Tennis Centre	356	382
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	382	418
Reported surplus(deficit) for year	(26)	(36)
Transfers (to) from reserves	-	-
Distributions for the year	-	-
Council's share of accumulated surplus(deficit) at end of year	356	382
Council's share of reserves		
Council's share of reserves at start of year	-	-
Transfers (to) from reserves	-	-
Council's share of reserves at end of year	-	-
Movement in carrying value of specific investment		
Carrying value of investment at start of year	382	418
Share of surplus(deficit) for year	(26)	(36)
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	356	382
Council's share of expenditure commitments		
Operating commitments	3	3
Capital commitments	12	12
Council's share of expenditure commitments	15	15
Council's share of contingent liabilities and contingent assets	nil	nil
Significant restrictions	nil	nil

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Note 17: Cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash on hand	21	20
Cash at bank	6,084	7,694
Term deposits	5,000	17,000
	11,105	24,714

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

- Statutory reserve balances (Note 27)	9,751	11,741
- Trust funds and deposits (Note 24)	4,990	7,728
- Roads to recovery (Note 6)	-	198
Total restricted funds	14,741	19,667
Total unrestricted cash and cash equivalents	(3,636)	5,047

Intended allocations

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

- Capital expenditure deferrals	8,140	3,801
- Fitzroy Street masterplan works	150	150
- Grant for Middle Park Beach ongoing maintenance	1,183	2,187
- Gasworks building works	1,500	1,500
Total funds subject to intended allocations	10,973	7,638

Refer also to Note 19 for details of other financial assets held by Council.

Note 18: Trade and other receivables

	2016 \$'000	2015 \$'000
Current		
Rate debtors	1,899	1,697
Infringement debtors	16,210	15,514
Provision for doubtful debts - infringements	(11,093)	(10,670)
Other debtors	3,842	3,501
Provision for doubtful debts - other debtors	(434)	(664)
Net GST receivable	1,265	1,430
Total trade and other receivables	11,689	10,808

Notes to the Financial Report

For the year ended 30 June 2016

Note 18: Trade and other receivables

a) Ageing of Receivables

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

	2016 \$'000	2015 \$'000
Current (not yet due)	1,165	545
Past due by up to 30 days	728	529
Past due between 31 and 180 days	135	385
Past due between 181 and 365 days	111	150
Past due by more than 1 year	242	50
Total other debtors	2,381	1,659

b) Movement in provisions for doubtful debts

	2016 \$'000	2015 \$'000
Balance at the beginning of the year	664	458
New provisions recognised during the year	352	335
Amounts already provided for and written off as uncollectable	(260)	(85)
Amounts provided for but recovered during the year	(322)	(44)
Balance at end of year	434	664

c) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$1,461,000 (2015: \$1,913,000) were impaired. The amount of the provision raised against these debtors was \$343,000 (2015: \$664,061). They individually 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.

Debtor balances that have been individually determined as impaired at reporting date by age were:

	2016 \$'000	2015 \$'000
Current (not yet due)	435	363
Past due by up to 30 days	472	534
Past due between 31 and 180 days	311	872
Past due between 181 and 365 days	214	108
Past due by more than 1 year	29	36
Total trade and other receivables	1,461	1,913

Note 19: Other financial assets

	2016 \$'000	2015 \$'000
Current		
Term deposits	49,500	32,300
	49,500	32,300
Non-Current		
Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	230	230
	235	235
Total other financial assets	49,735	32,535

Note 20: Non current assets classified as held for sale

	2016 \$'000	2015 \$'000
Cost of acquisition	4,248	3,144
Total non-current assets classified as held for sale	4,248	3,144

Note 21: Other assets

	2016 \$'000	2015 \$'000
Prepayments	1,220	935
Accrued income	654	724
Other*	6,333	-
Total other assets	8,207	1,659

* Relates to the acquisition of land at 2-4 Buckhurst Street, South Melbourne paid in full at 30 June 2016. The settlement of the parcel of land occurred on 1 July 2016 at which point ownership and control transferred to the City of Port Phillip and the land will be included in Council's Property, infrastructure, plant and equipment in 2016/17.

Notes to the Financial Report

For the year ended 30 June 2016

Note 22: Property, infrastructure, plant and equipment

Summary of Property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Accumulated Depreciation	WDV* 30 June 2016	At Fair Value 30 June 2015	Accumulated Depreciation	WDV 30 June 2015
Land	1,963,724	-	1,963,724	1,752,805	-	1,752,805
Buildings	361,104	(181,614)	179,490	330,509	(159,766)	170,743
Infrastructure	619,407	(242,097)	377,310	599,983	(220,404)	379,579
Plant and Equipment	45,052	(19,151)	25,901	41,312	(18,083)	23,229
Work in progress	9,555	-	9,555	4,879	-	4,879
	2,998,842	(442,862)	2,555,980	2,729,488	(398,253)	2,331,235

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	2,741	4,593	(1,552)	(370)	5,412
Infrastructure	1,922	1,137	(1,270)	(256)	1,533
Plant and Equipment	216	2,509	(115)	-	2,610
Total	4,879	8,239	(2,937)	(626)	9,555

* WDV refers to Written Down Value

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2016 Reconciliation

	Land - specialised	Buildings - specialised	Total Property
Land and Buildings			
At fair value 1 July 2015	1,752,805	330,509	2,083,314
Accumulated depreciation at 1 July 2015	-	(159,766)	(159,766)
WDV at beginning of financial year	1,752,805	170,743	1,923,548
Movements in fair value			
Acquisition of assets at fair value	-	3,251	3,251
Contributed assets (Note 7)	-	-	-
Revaluation increments/decrements (Note 27)	212,015	28,057	240,072
Fair value of assets disposed	-	(1,432)	(1,432)
Transfers	-	1,552	1,552
Non-current assets classified as held for sale	(1,096)	(833)	(1,929)
	210,919	30,595	241,514
Movements in accumulated depreciation			
Depreciation (Note 13)	-	(5,009)	(5,009)
Accumulated depreciation of disposals	-	969	969
Revaluation increments/decrements (Note 27)	-	(18,633)	(18,633)
Non-current assets classified as held for sale	-	825	825
Transfers	-	-	-
	-	(21,848)	(21,848)
At fair value 30 June 2016	1,963,724	361,104	2,324,828
Accumulated depreciation at 30 June 2016	-	(181,614)	(181,614)
WDV at end of financial year	1,963,724	179,490	2,143,214

Note - all land and buildings are considered specialised by their nature.

Notes to the Financial Report

For the year ended 30 June 2016

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

2016 Reconciliation

	Roads	Bridges	Footpaths and cycleways	Drainage
Infrastructure				
At fair value 1 July 2015	248,549	4,398	115,739	119,473
Accumulated depreciation at 1 July 2015	(98,498)	(2,413)	(37,424)	(46,845)
WDV at beginning of financial year	150,051	1,985	78,315	72,628
Movements in fair value				
Acquisition of assets at fair value	3,127	-	4,358	1,415
Contributed assets (Note 7)	-	-	-	2
Revaluation increments/decrements (Note 27)	3,280	31	8,498	-
Fair value of assets disposed	(1,230)	-	(2,151)	(456)
Transfers	204	-	-	164
	5,381	31	10,705	1,125
Movements in accumulated depreciation				
Depreciation (Note 13)	(4,581)	(45)	(2,775)	(832)
Accumulated depreciation of disposals	570	-	944	199
Revaluation increments/decrements (Note 27)	(1,371)	(28)	(9,411)	-
Transfers	-	-	-	-
	(5,382)	(73)	(11,242)	(633)
At fair value 30 June 2016	253,930	4,429	126,444	120,598
Accumulated depreciation at 30 June 2016	(103,880)	(2,486)	(48,666)	(47,478)
WDV at end of financial year	150,050	1,943	77,778	73,120

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Parks open spaces and streetscapes	Off street carparks	Other Infrastructure	Total Infrastructure
87,857	10,615	13,352	599,983
(28,653)	(2,393)	(4,178)	(220,404)
59,204	8,222	9,174	379,579
1,661	-	863	11,424
-	-	-	2
-	(830)	515	11,494
(518)	-	(374)	(4,729)
661	-	204	1,233
1,804	(830)	1,208	19,424
(3,555)	(141)	(1,264)	(13,193)
237	-	168	2,118
-	110	82	(10,618)
-	-	-	-
(3,318)	(31)	(1,014)	(21,693)
89,661	9,785	14,560	619,407
(31,971)	(2,424)	(5,192)	(242,097)
57,690	7,361	9,368	377,310

Notes to the Financial Report

For the year ended 30 June 2016

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

	Heritage Plant and Equipment	Plant, Machinery and Equipment	Motor Vehicles	Fixtures Fittings and Furniture
Plant and equipment				
At fair value 1 July 2015	14,447	1,259	6,515	3,215
Accumulated depreciation at 1 July 2015	(279)	(776)	(2,099)	(2,339)
WDV at beginning of financial year	14,168	483	4,416	876
Movements in fair value				
Acquisition of assets at fair value	61	533	1,710	109
Contributions- non-monetary	-	-	15	-
Revaluation increments/decrements (Note 27)	2,259	-	-	-
Fair value of assets disposed	-	(645)	(500)	(45)
Transfers	-	1,427	(1,427)	-
Transfer work in progress to operating	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
	2,320	1,315	(202)	64
Movements in accumulated depreciation				
Depreciation (Note 13)	(145)	(228)	(1,565)	(273)
Accumulated depreciation of disposals	-	437	459	45
Revaluation increments/decrements (Note 27)	424	-	-	-
Transfers	-	(793)	793	-
Non-current assets classified as held for sale	-	-	-	-
	279	(584)	(313)	(228)
At fair value 30 June 2016	16,767	2,574	6,313	3,279
Accumulated depreciation at 30 June 2016	-	(1,360)	(2,412)	(2,567)
WDV at end of financial year	16,767	1,214	3,901	712

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Computers and Telecomms	Library Books	Total Plant and Equipment	Total Works in Progress	Total Property Infrastructure Plant and Equipment
7,375	8,501	41,312	4,879	2,729,488
(6,306)	(6,284)	(18,083)	-	(398,253)
1,069	2,217	23,229	4,879	2,331,235
393	785	3,591	8,239	26,505
-	-	15	-	17
-	-	2,259	-	253,825
(1,050)	-	(2,240)	-	(8,401)
115	-	115	(2,900)	-
-	-	-	(663)	(663)
-	-	-	-	(1,929)
(542)	785	3,740	4,676	269,354
(492)	(758)	(3,461)	-	(21,663)
1,028	-	1,969	-	5,056
-	-	424	-	(28,827)
-	-	-	-	-
-	-	-	-	825
536	(758)	(1,068)	-	(44,609)
6,833	9,286	45,052	9,555	2,998,842
(5,770)	(7,042)	(19,151)	-	(442,862)
1,063	2,244	25,901	9,555	2,555,980

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer, Frank Carbone AAPI (Val 1764). The valuation of buildings is at replacement cost less accumulated depreciation. The valuation of specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Specialised Land	-	-	1,963,724
Land Improvements	-	-	-
Buildings	-	-	179,490
	-	-	2,143,214

Valuation of infrastructure

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

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

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Mr Mark Thompson Dip CE.

Details of the Council’s infrastructure and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	150,050
Bridges	-	-	1,943
Footpaths and cycleways	-	-	77,778
Drainage	-	-	73,120
Parks, open spaces and streetscapes	-	-	57,690
Off street carparks	-	-	7,361
Other infrastructure	-	-	9,368
	-	-	377,310

* Other infrastructure includes street furniture

Valuation of heritage and works of art

Valuation of Heritage assets and works of art were undertaken by qualified independent valuers. The valuation is at 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 2016 were performed by the following independent valuers:

- Australian Art Valuers - contemporary, visual, historical and public art;
- Sainsbury Books - heritage photographs; and
- Leonard Joel - historical items, artworks, monuments and memorials, mayoral robes, chains and other attire”

Details of the Council’s heritage and works of art and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Heritage and works of art	-	-	16,767

Notes to the Financial Report

For the year ended 30 June 2016

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

Description of significant unobservable inputs into level 3 valuations

Specialised land

Specialised land is valued using a replacement cost technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction of between 10 and 90 per cent to surrounding land values. The market value of land varies significantly depending on the location of the land and the current market conditions. Replacement cost is sensitive to changes in market conditions, and the extent of the external restriction with any increase or decrease in cost flowing through to the valuation. Currently land values range between \$1,400 and \$5,500 per square metre.

Specialised buildings

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from \$300 to \$1,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 96 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost, physical condition of individual assets and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 18 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

	2016 \$'000	2015 \$'000
Parks and reserves	1,557,185	1,404,212
Commercial	161,035	132,600
Community	159,202	142,177
Council buildings	88,478	76,482
Total specialised land	1,965,900	1,755,471

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Note 23: Trade and other payables

	2016 \$'000	2015 \$'000
Trade payables	13,164	9,693
Accrued expenses	3,865	3,334
Total trade and other payables	17,029	13,027

Note 24: Trust funds and deposits

	2016 \$'000	2015 \$'000
Refundable deposits	503	316
Fire Services Levy	749	753
Retention amounts	-	15
Other refundable deposits	3,438	3,223
Stokehouse insurance claim held in trust	300	3,421
Total trust funds and deposits	4,990	7,728

Purpose and nature of items

Refundable deposits

Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy

Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention amounts

Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Notes to the Financial Report

For the year ended 30 June 2016

Note 25: Provisions

Employee Provisions

	2016 \$'000	2015 \$'000
Balance at beginning of the financial year	14,045	13,191
Additional provisions	7,997	7,719
Amounts used	(7,206)	(6,914)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	153	49
Balance at the end of the financial year	14,989	14,045
Current provisions expected to be wholly settled within 12 months		
Annual leave	3,609	3,500
Long service leave	6,523	6,094
Retirement gratuity	17	17
Other	178	131
	10,327	9,742
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,688	1,649
Retirement gratuity	150	152
	1,838	1,801
Total current employee provisions	12,165	11,543
Non-current		
Long service leave	2,824	2,502
Total non-current employee provisions	2,824	2,502
Aggregate carrying amount of employee benefits		
Current	12,165	11,543
Non-current	2,824	2,502
Total aggregate carrying amount of employee provisions	14,989	14,045

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Note 26: Interest-bearing loans and borrowings

	2016 \$'000	2015 \$'000
Current		
Borrowings *	-	-
Finance leases	660	582
	660	582
Non-current		
Borrowings *	7,500	7,500
Finance leases	913	962
	8,413	8,462
Total	9,073	9,044

* Borrowings are secured by Council rate income

a) The maturity profile for Council's borrowings is:

Not later than one year	607	582
Later than one year and not later than five years	966	937
Later than five years	7,500	7,525
	9,073	9,044

b) The maturity profile for Council's finance lease liabilities is:

Not later than one year	688	668
Later than one year and not later than five years	1,040	1,018
Later than five years	-	26
Minimum future lease payments	1,728	1,712
Less: Future finance charges	(155)	(168)
Present value of minimum lease payments	1,573	1,544

Finance leases

Council entered into lease agreements for street and beach cleaning equipment. Council's right to use the assets in the leases are accounted for as finance lease liabilities and are disclosed in the table above.

Contingent rent payable is based on the rental value agreed upon between the Council and the lessor and is invoiced on a monthly basis by the lessor. The lease agreements have been made on the basis that lease terms can be amended between Council and the lessor throughout the term of the lease based on mutual acceptance by both parties. The Council has the contractual right to acquire leased vehicles at the end of the lease term based on an agreed upon residual value. The Council does not have any financial restrictions imposed by their current leasing arrangements.

Notes to the Financial Report

For the year ended 30 June 2016

Note 27: Reserves

a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2016			
Property			
Land	1,477,399	212,015	1,689,414
Buildings	66,358	9,424	75,782
Land improvements	5,112	-	5,112
Arts & Heritage	7,703	2,683	10,386
	1,556,572	224,122	1,780,694
Infrastructure			
Roads	68,832	1,909	70,741
Bridges	822	3	825
Footpaths and cycleways	28,794	(913)	27,881
Drainage	31,173	-	31,173
Parks, open spaces & streetscapes	11,218	-	11,218
Off street carparks	4,583	(721)	3,862
Other infrastructure	5,744	598	6,342
	151,166	876	152,042
Total asset revaluation reserves	1,707,738	224,998	1,932,736
2015			
Property			
Land	1,288,533	188,866	1,477,399
Buildings	66,358	-	66,358
Land improvements	4,504	608	5,112
Arts & Heritage	7,703	-	7,703
	1,367,098	189,474	1,556,572
Infrastructure			
Roads	47,714	21,118	68,832
Bridges	822	-	822
Footpaths and cycleways	28,794	-	28,794
Drainage	31,173	-	31,173
Parks, open spaces & streetscapes	9,146	2,072	11,218
Off-street carparks	2,468	2,115	4,583
Other infrastructure	2,468	3,276	5,744
	122,585	28,581	151,166
Total asset revaluation reserves	1,489,683	218,055	1,707,738

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

b) Other reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2016				
General Reserve	18,243	12,201	(8,052)	22,392
Statutory Reserves				
Resort and recreation reserve	9,647	6,714	(8,548)	7,813
Contributions for car parking reserve	1,795	(4)	-	1,791
Contribution for C13 infrastructure reserve	299	147	(299)	147
	11,741	6,857	(8,847)	9,751
Total other reserves	29,984	19,058	(16,899)	32,143

2015

General Reserve	13,077	9,650	(4,484)	18,243
Statutory Reserves				
Resort and recreation reserve	8,963	3,763	(3,079)	9,647
Contributions for car parking reserve	1,790	5	-	1,795
Contribution for C13 infrastructure reserve	299	-	-	299
	11,052	3,768	(3,079)	11,741
Total other reserves	24,129	13,418	(7,563)	29,984

	2016 \$'000	2015 \$'000
Asset revaluation reserve	1,932,736	1,707,738
Other reserves	32,143	29,984
Total Reserves	1,964,879	1,737,722

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 developer 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 C13 infrastructure reserve

The C13 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure. See note 30 for further information.

Notes to the Financial Report

For the year ended 30 June 2016

Note 28: Reconciliation of cash flows from operating activities to surplus/(deficit)

	2016 \$'000	2015 \$'000
Surplus/(deficit) for the year	9,608	3,908
Depreciation	21,663	19,072
(Profit)/loss on disposal of property, infrastructure, plant and equipment	3,137	3,279
Contributions - non-monetary assets	(17)	(71)
Other	1,132	4,496
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(881)	(675)
(Increase)/decrease in prepayments	(285)	1,152
(Increase)/decrease in accrued income	70	66
Increase/(decrease) in trade and other payables	4,002	(3,250)
(Decrease)/increase in other liabilities	(2,738)	2,678
Increase/(decrease) in provisions	944	854
Net cash provided by operating activities	36,635	31,509

Note 29: Financing arrangements

	2016 \$'000	2015 \$'000
Bank overdraft	1,500	1,500
Credit card facilities	167	167
Other facilities- LGFV Municipal Bond	7,500	7,500
Total facilities	9,167	9,167
Used facilities	7,501	7,601
Unused facilities	1,666	1,566

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Note 30: Commitments

The Council has entered into the following 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
2016					
Operating					
Building maintenance	11,323	11,288	31,676	-	54,287
Garbage collection and recycling	8,328	8,324	21,490	-	38,142
Open space management	8,383	8,168	1,361	-	17,912
Cleaning contracts for council buildings	1,520	1,462	2,437	-	5,419
Community Services	3,052	2,533	679	-	6,264
Operational services	2,671	1,294	171	-	4,136
Computers and technology	1,940	821	709	-	3,470
Consultancies	359	269	17	-	645
Total	37,576	34,159	58,540	-	130,275
Capital					
Buildings	3,771	-	-	-	3,771
Computers and telecommunications	312	-	-	-	312
Roads	205	183	-	-	388
Parks, open spaces & streetscapes	1,228	857	2,571	-	4,656
Total	5,516	1,040	2,571	-	9,127
TOTAL	43,092	35,199	61,111	-	139,402
2015					
Operating					
Building maintenance	10,809	10,720	31,774	-	53,303
Garbage collection and recycling	8,328	8,328	24,972	-	41,629
Open space management	9,191	8,383	9,529	-	27,103
Cleaning contracts for council buildings	2,134	1,520	3,899	-	7,553
Community services	2,902	2,127	1,820	-	6,850
Operational services	2,379	2,723	1,466	-	6,568
Computers and technology	2,234	1,114	-	-	3,348
Consultancies	1,014	359	287	-	1,660
Total	38,992	35,275	73,746	-	148,014
Capital					
Buildings	735	68	27	-	830
Roads	337	-	-	-	337
Parks, open spaces & streetscapes	1,113	874	2,571	-	4,558
Total	2,185	942	2,599	-	5,726
TOTAL	41,178	36,217	76,345	-	153,739

Notes to the Financial Report

For the year ended 30 June 2016

Note 30: Commitments (continued)

C13 Developer Contributions Scheme

In 1998 the C13 Developer Contribution Scheme was signed off by Council to facilitate streetscape works to the value of \$8.082 million for works in Port Melbourne over a 20 year period commencing in the year 2000 to 2020. These estimates were indexed by CPI and the value of works to be completed at 1 July 2009 was determined to total \$11.387 million. At 30 June 2016, after further CPI adjustments and completion of works over the life of the scheme, works to the value of \$2.834 million are outstanding.

	2016 \$'000	2015 \$'000
Value of works outstanding at 1 July	2,970	3,181
Works completed 2015/2016	(175)	(255)
	2,795	2,926
CPI adjustment (1.5% for 2015/2016)	39	44
Value of works outstanding at 30 June	2,834	2,970

Note 31: Operating Leases

a) Operating lease commitments

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

	2016 \$'000	2015 \$'000
Not later than one year	98	230
Later than one year and not later than five years	189	46
Later than five years	-	-
	287	276

b) Operating lease receivables

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.

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

	2016 \$'000	2015 \$'000
Not later than one year	7,985	5,184
Later than one year and not later than five years	17,842	16,585
Later than five years	62,320	8,874
	88,147	30,643

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Note 32: Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2016, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- Net investment returns 7.0% pa
- Salary information 4.25% pa
- Price inflation (CPI) 2.5% pa.

Vision Super has reported that the estimated VBI at June 2016 was 102%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. 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.

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Note 32: Superannuation (continued)

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre - 1 July 1993 and post - 30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2015 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 are \$379,000.

Note 33 Contingent liabilities and contingent assets

Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 32. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

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 2015/2016. Therefore, the maximum liability of Council in any single claim is the extent of its excess. 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.

Public and 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 and products liability insurance and had an excess of \$20,000 for individual claims on this policy in 2015//2016. Therefore, the maximum liability of Council in any single claim is the extent of its excess. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Contingent assets

	2016 \$'000	2015 \$'000
Open space contributions		
Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.	4,100	2,500

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Note 34: Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

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

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because rate debtors, which are the largest portion of Councils receivables, are secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 33.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet and the amount is related to financial guarantees, and is deemed insignificant based on prior periods data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Notes to the Financial Report

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Note 34: Financial instruments (continued)

(e) Fair value

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

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(f) Sensitivity disclosure analysis

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

- A parallel shift of +0.25% and -0.75% in market interest rates (AUD) from year-end rates of 2.88%.

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

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Note 35: Related party transactions

(a) Responsible Persons

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

Councillors

- Bernadene Voss (Mayor 10 November 2015 to current)
- Amanda Stevens (Mayor 1 July 2015 to 9 November 2015)
- Andrew Bond (Councillor)
- Anita Horvath (Councillor)
- Vanessa Huxley (Councillor)
- Serge Thomann (Councillor)
- Jane Touzeau (Councillor)

Chief Executive Officer

Tracey Slatter

(b) Remuneration of Responsible Persons

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

	2016	2015
\$30,000 - \$39,999	5	6
\$50,000 - \$59,999	1	-
\$80,000 - \$89,999	1	-
\$90,000 - \$99,999	-	1
\$370,000 - \$379,999	-	1
\$380,000 - \$389,999	1	-
	8	8
	2016 \$'000	2015 \$'000
Total remuneration for the year for Responsible Persons included above amounted to	697	658

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(c) Senior Officers remuneration

A Senior Officer, other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive Officer; or
- b) whose total annual remuneration exceeds \$139,000.

The number of Senior Officers, other than Responsible Persons, are shown below in their relevant income bands:

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Income Range:	2016 No.	2015 No.
\$139,000 - \$139,999	2	6
\$140,000 - \$149,999	7	7
\$150,000 - \$159,999	2	2
\$160,000 - \$169,999	6	8
\$170,000 - \$179,999	8	4
\$180,000 - \$189,999	1	4
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	1	2
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	1	2
\$250,000 - \$259,999	2	-
\$260,000 - \$269,999	2	-
	36	38

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	2016 \$'000	2015 \$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to	6,553	6,480

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(d) Responsible persons retirement benefits

No retirement benefits have been paid by the Council to a Responsible Person (2014/2015: Nil).

(e) Loans to Responsible Persons

No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2014/2015: Nil).

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(f) Transactions with Responsible Persons

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 (2014/2015: Nil).

Note 36: Events occurring after balance date

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

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: 1 September 2016
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 2016 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 have been authorised by the Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify the financial statements in their final form

Bernadene Voss
Mayor and Councillor



Date: 1 September 2016
St Kilda

Serge Thomann
Councillor



Date: 1 September 2016
St Kilda

Tracey Slatter
Chief Executive Officer



Date: 1 September 2016
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.
Asset expansion expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to beneficiaries.
Asset renewal expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
Asset upgrade expenditure	"Expenditure that: (a) enhances an existing asset to provide a higher level of service or (b) increases the life of the asset beyond its original life."
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.
Borrowing costs	Interest paid on borrowings.
Capital expenditure	Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.
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 which highlights whether Council has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation 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 equates 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.

Item	Explanation
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.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity and borrowings not falling within the definition of cash.
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.
Income	Income is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.
Infrastructure	Non-current property, plant and equipment excluding land.
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 borrowings	Council's borrowings.
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
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.
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.
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.
New asset expenditure	Expenditure that creates a new asset that provides a service that does not currently exist.
Provisions	Includes accrued long-service leave, annual leave, sick leave and rostered days off owing to employees at reporting date.

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Item	Explanation
Rate and charges	Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.
Recurrent grant	A grant other than a non-recurrent grant.
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 carpark and general reserves where money is held in reserve for specific projects.
Restricted cash	Cash and cash equivalents, within the meaning of AAS, that are not available for use other than a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
Right-of-way	Former laneway no longer required for access to surrounding properties.
Share of net profits (losses) of associates and joint ventures	Council's share of the net profit/loss recognised in its joint venture partnerships.
Statement of capital works	Means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type.
Statement of cash flows	The statement of cash flows shows the net cash inflows and outflows in the forthcoming year in the form of a reconciliation between the opening and closing balances of total cash and investments for the year. The cash flow statement should be prepared in accordance with the requirements of AASB 107 Statement of Cash Flows.
Statement of changes in equity	The statement of changes in equity shows the movement in Accumulated Surplus and reserves for the year. The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
Statutory fees and fines	Includes parking infringements and costs, PERIN court recoveries, town planning fees, land information certificates and trader parking and street furniture permits.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
Strategic Resource Plan	Means the Strategic Resource Plan prepared by Council under Section 126 of the Act.
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.
Trade and other payables	Monies owed by Council to other entities/individuals.
Trade and other 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 (e.g. Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.
Unrestricted cash	Unrestricted cash represents all cash and cash equivalents other than restricted cash.
User 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.

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Port Phillip

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the City of Port Phillip which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report.

The Councillors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

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, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the City of Port Phillip as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
6 September 2016


Dr Peter Frost
Acting Auditor-General

Performance Statement

for year ended 30 June 2016

Performance statement

For the year ended 30 June 2016

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year in review

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

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our City

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

The Performance Statement presents the actual results for the current year, the prescribed financial performance indicators and measures and the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Explanations are provided where the previous results are outside a ten per cent materiality threshold.

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performance

The forecast figures included in the Performance Statement are those adopted by council in its Strategic Resource Plan on 28 June 2016 and forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained from the Council website at www.port Phillip.vic.gov.au/council_plan_budget.htm

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About the City of Port Phillip

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. The foreshore stretches over 11 kilometres. A network of public open spaces makes the City a desirable place for residents and visitors to enjoy. Significant employment areas within Port Phillip include the St Kilda Road office district, and the industrial, warehousing and manufacturing districts in South Melbourne, Port Melbourne and Fishermans Bend.

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our community

The City of Port Phillip is one of the smallest and most densely populated municipalities in Victoria, covering an area of 20.6 kilometres and being home to 107,127 people¹. Our population will continue to grow with Fishermans Bend expecting to be home to around 80,000 residents and provide jobs for 40,000 over the next four decades.

¹Source: ABS Estimated Residential Population (ERP), Regional Population Growth, Australia (3318.0) as at 30 June 2015

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Sustainable capacity indicators

For the year ended 30 June 2016

Indicator / measure	Results		Material variations
	2015	2016	
Population			
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,701.51	\$1,737.12	
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$5,516.95	\$5,528.54	
Population density per length of road [Municipal population / Kilometres of local roads]	364.05	396.77	After some analysis we have adjusted the length of roads within the City from 288km to 270km so as not to include both segments of a single road bisected with a median strip or a tram line. If we had applied this approach to last year's result, the result would have been 389.8
Own-source revenue			
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,573.38	\$1,668.41	
Recurrent grants			
Recurrent grants per head of municipal population [Own-source revenue / Municipal population]	\$111.46	\$85.52	Recurrent grants were lower than last year due to an early payment of a \$2.5 million grant from the Victorian Grants Commission scheduled for 2015/16 that was paid in 2014/15, the cessation of Long Day Care Development Program and Poets Grove Kindergarten became licensee in own right.
Disadvantage			
Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council

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

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

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

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

Performance statement

For the year ended 30 June 2016

Service performance indicators

For the year ended 30 June 2016

Service / indicator / measure	Results		Material variations
	2015	2016	
Animal Management			
Health and safety	4	5	
Animal management prosecutions [Number of successful animal management prosecutions]			
Food Safety			
Health and safety	95.55%	99.11%	
Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100			
Governance			
Satisfaction	60	59	
Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]			
Home and Community Care (HACC)			
Participation	22.22%	20.2%	Fewer community members received these services from Council in 2015/16 due to decreased demand.
Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100			
Participation	16.79%	14.7%	Fewer CALD community members received these services from Council in 2015/16 due to decreased demand.
Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100			
Libraries			
Participation	20.14%	19.4%	
Active library members [Number of active library members / Municipal population] x100			
Maternal and Child Health (MCH)			
Participation	83.55%	84.2%	
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100			

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Service / indicator / measure	Results		Material variations
	2015	2016	
Participation Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	69.05%	87.2%	The 18 per cent increase was due to data cleansing which allowed us to ensure Aboriginal children are accurately identified in the system and this enabled us to support more Aboriginal families to attend timely key age and stage visits.
Roads			
Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	73	70	
Statutory Planning			
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	79%	71%	There is a change to how we applied the definition in 2015/16. The change in definition involved the removal of decisions with a neutral / mediated outcome. If we applied this definition to last year's result the result would have changed from 79 per cent to 73 per cent.
Waste Collection			
Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	34.5%	34.1%	

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For the year ended 30 June 2016

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For the year ended 30 June 2016

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Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Population" means the resident population estimated by council

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

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

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Financial performance indicators

For the year ended 30 June 2016

Dimension / indicator / measure	Results			Forecast			Material variations
	2015	2016	2017	2018	2019	2020	
Efficiency							
Revenue level Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,359.31	\$1,434.05	\$1,484.87	\$1,520.51	\$1,555.48	\$1,588.92	
Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$2,623.49	\$2,619.67	\$2,696.86	\$2,736.48	\$2,750.46	\$2,783.55	
Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.95%	10.43%	10.00%	10.00%	10.00%	10.00%	
Liquidity							
Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	220.88%	243.22%	178.06%	166.54%	167.33%	170.97%	Council can comfortably meet its short term financial commitments. The result has been influenced by transfer of land and building assets held for sale to current assets and the recognition of a current prepayment of \$6.33 million for 2-4 Buckhurst Street South Melbourne land, for which title and control of the land transferred to Council on 1 July 2016.

Financial performance indicators

For the year ended 30 June 2016

Dimension / indicator / measure	Results			Forecast			Material variations
	2015	2016	2017	2018	2019	2020	
Liquidity							
Unrestricted cash	94.9%	104.44%	91.02%	83.88%	83.93%	85.52%	The increase in Council's unrestricted cash balance is due to an increase of \$3.59 million in cash and cash equivalents in 2015/16 and the reduction of restricted trust funds of \$2.74 million due to the payment of insurance funds for work to rebuild the Stokehouse, and a reduction in restricted statutory reserves of \$1.99 million due to funding open space projects undertaken in 2015/16.
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100							
Obligations							
Asset renewal	73.23%	71.91%	96.14%	90.73%	92.31%	91.28%	
Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100							
Loans and borrowings	8.47%	8.02%	7.31%	6.76%	6.42%	6.19%	
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100							
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.97%	0.98%	0.91%	0.66%	0.46%	0.35%	
Indebtedness	6.65%	6.40%	5.93%	5.67%	5.32%	5.16%	
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100							

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Dimension / indicator / measure	Results			Forecast			Material variations
	2015	2016	2017	2018	2019	2020	
Operating position							
Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-0.64%	1.03%	1.17%	1.57%	2.89%	3.23%	This result was due to lower levels of capital expenditure write offs being transferred to operating expenses.
Stability							
Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	60.23%	61.34%	61.52%	61.73%	61.94%	62.31%	
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.22%	0.23%	0.19%	0.20%	0.21%	0.22%	

Definitions

“adjusted underlying revenue” means total income other than:

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

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

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

“current assets” has the same meaning as in the AAS (Australian Accounting Standards)

“current liabilities” has the same meaning as in the AAS (Australian Accounting Standards)

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

Certification of the Performance Statement

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year in review

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



Jennifer Blunt CPA
Principal Accounting Officer

Date: 1 September 2016
St Kilda

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our City

In our opinion, the accompanying performance statement of the City of Port Phillip for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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

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Bernadene Voss
Mayor and Councillor

Date: 1 September 2016
St Kilda



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Serge Thomann
Deputy Mayor and Councillor

Date: 1 September 2016
St Kilda



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Tracey Slatter
Chief Executive Officer

Date: 1 September 2016
St Kilda



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Port Phillip

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the City of Port Phillip which comprises the statement, the related notes and the certification of the performance statement.

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)

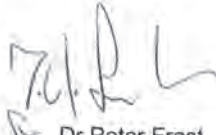
Independence

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, I and my 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 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
6 September 2016



Dr Peter Frost
Acting Auditor-General



For more information, please contact us via:
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