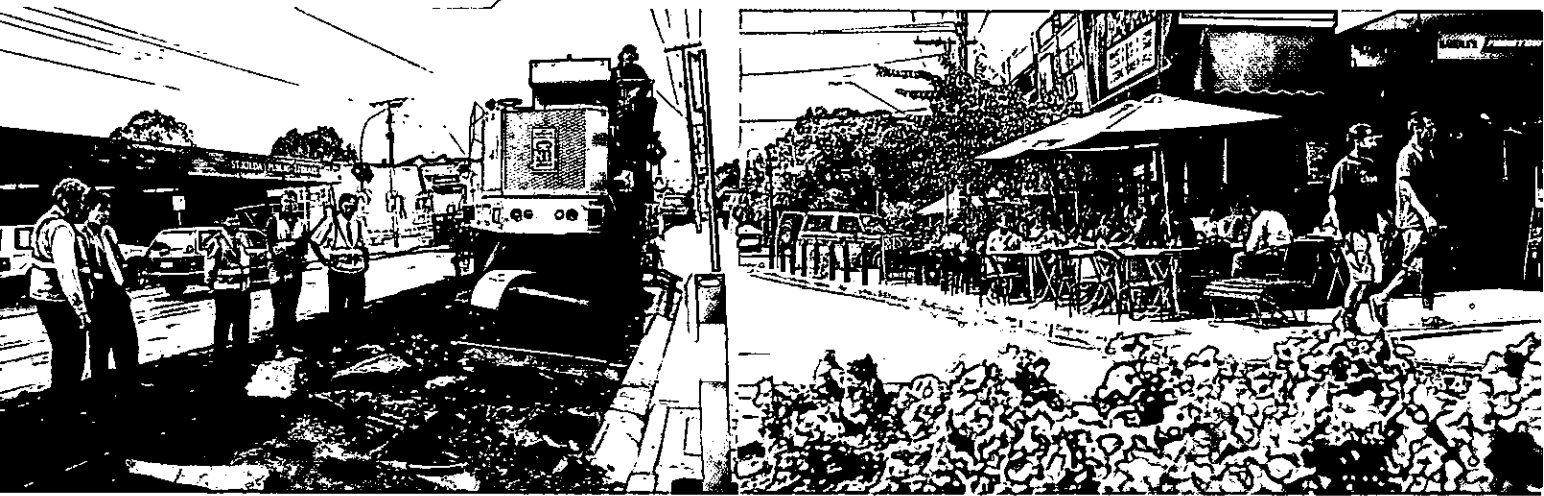


Annual Report

1996-1997



CITY OF PORT PHILLIP



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COUNCILLORS



CHRISTINE HAÄG

Day time contact number:
9209 6431

Ward: St Kilda

Neighbourhoods:
St Kilda Central, St Kilda Hill

Committee Chair: Council

Date of election: 16/3/96

Date of retirement: 15/3/99



LIANA THOMPSON

Day time contact number:
0412 122 806

Ward: Sandridge

Neighbourhoods:
Garden City, Port Melbourne

Committee Chair:
Statutory Planning Committee

Date of election: 16/3/96

Date of retirement: 15/3/99



FREDA ERLICH

Day time contact number:
9534 9192

Ward: Alma

Neighbourhoods:
East St Kilda

Committee Chair:
Strategic Planning Committee

Date of election: 16/3/96

Date of retirement: 15/3/99



PATRICIA BROWN OAM J.P.

Day time contact number:
9690 3495

Ward: Albert Park

Neighbourhoods:
Albert Park, Middle Park

Date of election: 16/3/96

Date of retirement: 15/3/99



DICK GROSS

Day time contact number:
9534 9701

Ward: Blessington

Neighbourhoods:
St Kilda South

Committee Chair:
Services and Finance Committee

Date of election: 16/3/96

Date of retirement: 15/3/99



LUDWIG STAMER

Day time contact number:
9699 8014

Ward: Emerald Hill

Neighbourhoods:
South Melbourne

Date of election: 16/3/96

Date of retirement: 15/3/99



LIZ JOHNSTONE

Day time contact number:
0412 135 350

Ward: Ormond

Neighbourhoods:
Elwood, Ripponlea

Date of election: 16/3/96

Date of retirement: 15/3/99

A FEW MONTHS BEFORE THE BEGINNING OF THE 1996-1997 FINANCIAL YEAR, THE PEOPLE OF THE CITY OF PORT PHILLIP APPOINTED OUR FIRST DEMOCRATICALLY ELECTED COUNCIL IN TWO YEARS. AT LAST THE CITY BELONGED TO ITS CITIZENS AGAIN.

Since this historic occasion, the City of Port Phillip Council has carefully and steadfastly brought the democratic process back into the municipality's affairs. Our focus has been to listen to our constituents, consult with them and encourage their participation in Council's endeavours. In this way, we can reflect the community's concerns and its aspirations for the future in the strategies, programs and services the Council organisation delivers, and in the budgets set to achieve these.

Many communities and neighbourhoods make up the City of Port Phillip. Each looks for service from Council. This Council believes that we must respect and respond to the diversity of the community's expectations while, at the same time, forge a City identity.

One of Council's many tasks is to review and integrate the policies of Port Phillip's three amalgamated municipalities. This has been an essential part of the new Council's work, for without establishing consistency and common fundamentals in these policies, we cannot consolidate the 'ground rules' to guide us into the future. Development of the new Port Phillip Planning Scheme and Municipal Strategic Statement, the Sustainable Development Strategy and the Housing Policy are just a few examples. The task of total policy review is ongoing and massive.

Over the past year, the City of Port Phillip has shown itself to be a leader in local democracy. Once this Council was elected in March 1996, one of our very first actions was to put the focus back on citizenship. During the time of Commissioners, voters were called 'customers'. We believe that Council is not a business offering services to only those



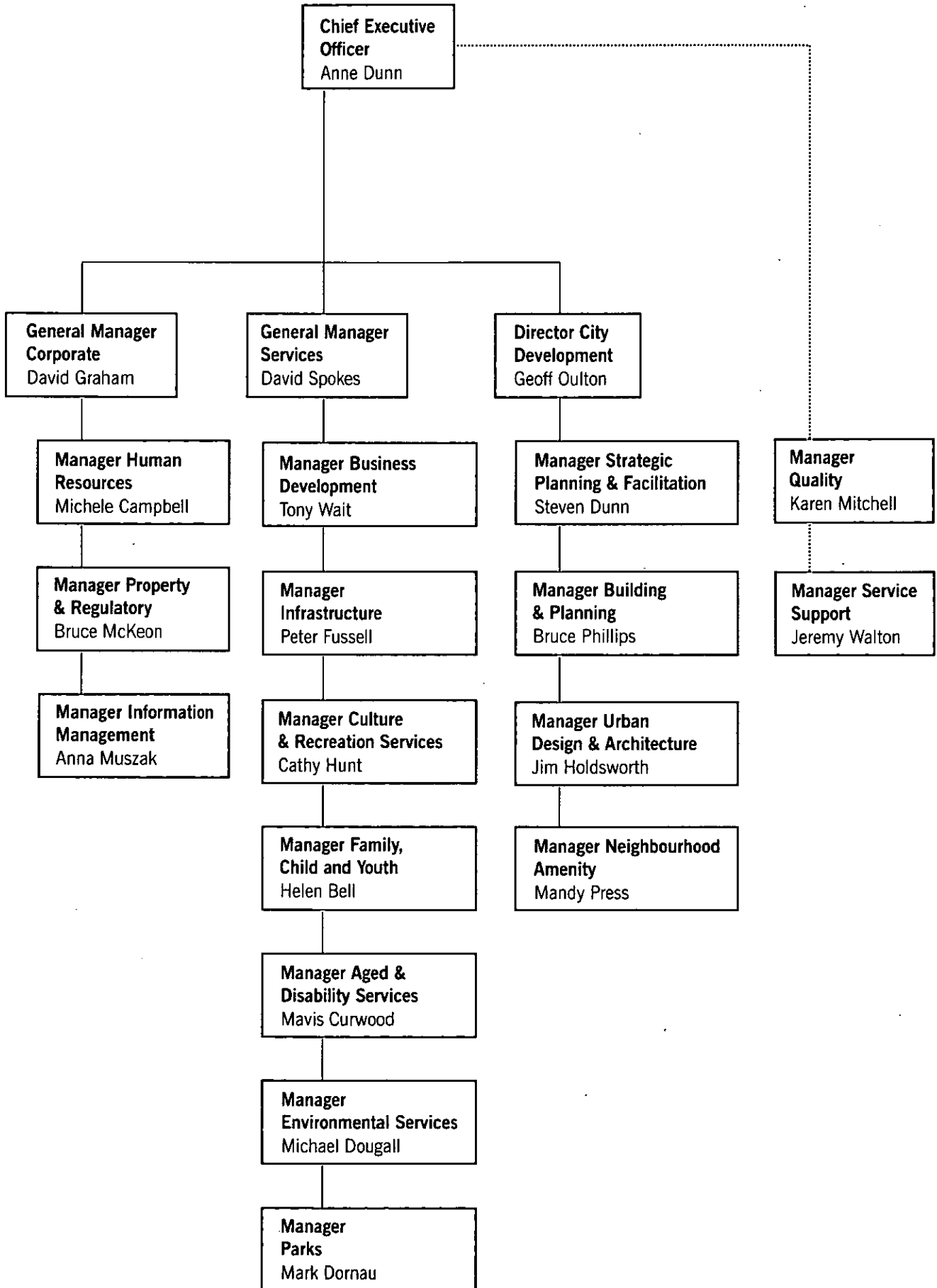
who can afford the service - it is a level of Government which operates on principles of social justice, equity and efficiency.

The State Government's reform of local government has imposed many changes and limitations on Council's functions and powers. The State's restrictions on rate income, significant increases in our unfunded Superannuation Fund liability, competitive tendering legislation, and the substantial reduction in Federal Assistance Grants, compel us to work within tight financial constraints.

In response to these challenges, Council is putting down firm foundations of policy and practice for the future well being of this new City of Port Phillip. I assure you that we will continue our endeavour to provide services of the highest standard possible while managing our limited finances responsibly and equitably.

Cr Christine Haäg
Mayor, City of Port Phillip

ORGANISATIONAL CHART



1996/97 HAS BEEN A VERY CHALLENGING YEAR FOR THE STAFF OF THE CITY OF PORT PHILLIP.

The year saw the departure of Jon Hickman, the first Chief Executive Officer for the City of Port Phillip. Jon crafted the organisational structure and appointed quality staff to provide leadership into the future.

Following Jon's departure, recruitment for a new Chief Executive Officer commenced. In this interim period, the organisation continued to operate effectively under the capable direction of David Graham, Acting Chief Executive Officer.

The second half of the year then brought more challenges for the organisation following the appointment of a new Chief Executive Officer.

1996/97 was also the City of Port Phillip's first full financial year with an elected Council.

The tensions between Council's aspirations and resource limitations brought on by rate capping and other revenue constraints resulted in Council having to review its operational costs. One of the outcomes of this review has been an organisational review and restructure. The new structure has now been fully implemented and staff are now working in new and innovative ways.

Continuous improvements have occurred across all areas of service delivery and Council is now in a stronger position to achieve new standards of excellence in our services.

Council's competitive tendering activities have resulted in Port Phillip exceeding the target of exposing at least 50% of Council's operating costs to a competitive process.

By the end of 1996/97, 19 contracts have been let for services that were formerly provided by Council. Of these contracts, 13 have been won by in-house business units and 6 being delivered by external contractors.

The issues of quality and excellent service are at the top of our organisation's agenda, and Council has focused on providing value for money services and being responsive to the community. Significant productivity gains have been achieved by our people and they have played an important role in implementing municipal strategic objectives.



In response to the Community Plan developed by extensive consultation during 1996/97, staff have worked closely with Councillors to develop a Corporate Plan. The resulting plan lists Council's priorities and commitments to the community for the 1997/98 - 2000 period. It closely reflects the community aspirations outlined in the Community Plan. This Corporate Plan includes focused Key Result Areas and measurable performance indicators for the 1997/98 period.

Despite severe financial constraints and considerable changes in management and governance, the City of Port Phillip has had outstanding achievements during the 1996/97 financial year. This report highlights those achievements.

As we celebrate the outcomes of the partnership between Councillors, staff and the community of Port Phillip, I am confident that our organisation's dedicated staff will continue to strive towards excellence in all areas of service provision to meet community needs.

A handwritten signature in black ink, appearing to read 'Anne Dunn'.

Anne Dunn,
Chief Executive Officer

THE SERVICES DIVISION IS RESPONSIBLE FOR ENSURING EFFECTIVE ACCESS AND DELIVERY OF ENVIRONMENTAL, ENGINEERING AND COMMUNITY SERVICES. IT IS RESPONSIBLE FOR THE ONGOING DEVELOPMENT OF

AN INTEGRATED AND RESPONSIVE APPROACH TO PLANNING AND SERVICE DELIVERY TO THE COMMUNITY.

The Division has a key role to play in service delivery to the community. It has remained committed to focussing on generating significant partnerships with the community on addressing various issues, notably the Community Summit and community planning process.

These services and contracts have been managed through senior managers responsible for Infrastructure, Culture and Recreation Services, Family, Child and Youth, Business Development, Aged and Disability, Environmental and Parks.

The Division has made significant progress in the quality of services delivered this year. This progress has been reflected in the Design and Asset Management Team achieving certification to the international standard ISO 9001 for quality assurance. Furthermore, part of the Division was recognised by the Australian Quality Council in November when it was awarded an Australian Quality Award for Achievement in Business Excellence.

The Division has had some other major achievements over the year.

The Design, Construction and Asset Management Team entered into the running for a prestigious Engineering Institute's Environment Prize for its work on foreshore planning and development. (This prize was subsequently awarded to the team in the 1997-98 financial year.)

Other achievements include the completion of a new planning framework and the establishment of a Citizens' Street Cleaning Monitor pilot program designed to track the effectiveness of the Council's waste management system.

A community survey was undertaken during the course of the year to gauge the level of satisfaction with Council services. Overall, 24 per cent of the community found that there have been improvements in the delivery of services as compared with 13 per cent who perceived a deterioration in services.

Family, Child and Youth Services

Services provided:

- Centre based child care
- Home based child care
- Respite care for families with children with additional needs
- Family support services in South Melbourne and Port Melbourne

- Crisis counselling, information and direct assistance
- Maternal and child health services
- Baby safety capsules for newborn babies
- Dental care for children below the age of seven years
- Foster care
- Youth services

Council offers a range of services to the children of Port Phillip (10,414) and their families. The Family, Children and Youth Services Unit provides services that range from child care options through to services that address family and early childhood health issues. The Unit is also a provider of crisis counselling and family support services to all families, children and young people living in the community.

This year in response to community feedback, Family, Child and Youth Services has increased the promotion and publicity of its services and has developed a video which is available at the St Kilda Library.

Services within Family, Child and Youth Services have had numerous achievements over 1996-97. The Maternal and Child Health Service developed an eight-week parenting program to assist all new parents. The group is also providing outreach health services to residents of private hotels in conjunction with the Inner South Community Health Centre.

The Family Support program assisted 70 families in the community during the year and crisis counselling and assistance was available to 2,594 citizens facing financial or personal difficulties such as domestic violence, mental health issues, child maltreatment, homelessness and drug and alcohol dependencies.

Play Today worked with 58 children with additional needs to promote access to children's services.

Foster Care provided care for 75 local children / young people.

Funding and support from Council staff was continued for 8 community-based child care centres and 11 kindergartens.

Youth Services staff were key players in the Prahran / St Kilda Youth Housing Program review during the year and was involved in the development of submissions to the Department of Human Services for the provision of a range of services to address the needs of young people in the community and the successful tender to the Office of Housing.

The Duty / Emergency Relief Service developed a special program at the beginning of 1997 to provide financial assistance to local families on low incomes who were unable to meet the additional costs of their children starting school.

The Early Childhood Care and Education Services in Family, Child and Youth Services provided child care each day for approximately 397 children whose families live, work or visit the City of Port Phillip.

Aged and Disability Services

Services provided:

- Home care
- Home maintenance
- Food services
- Recreation services
- Advocacy

The Aged and Disability Services Unit offers a range of in home and centre based support services to older people, people with a disability and carers who live in the City of Port Phillip. Services aim to assist people to live as independently as possible. An eligibility criteria exists for some services.

In the past year, Aged and Disability Services has continued to work towards improving service delivery for our target group.

An independent survey was conducted in January 1997 of the Home Care and Food Service area. According to the report, the level of satisfaction with the services was very high, with a satisfaction rating of 94% for Home Care and 86% for Food Services.

Senior Citizens Week and the Port Phillip Community Ball were celebrations which honoured the rich contributions of the City's older residents. The Port Phillip Community Ball at the South Melbourne Town Hall was attended by over 400 people. A group of dedicated volunteers and community workers acted as drivers and chaperones to the guests and helped to make the event a resounding success.

Service delivery areas continue to work hard to improve the service they offer to the Port Phillip community and will be focusing on an integrated planning and partnership arrangements with the community to enable the continued provision of appropriate and accessible services to service users.

Environmental Services

Services provided:

- Waste management and minimisation
2,000 m³ / month recyclables &
350 tonnes / month paper
- Refuse and recycling collection
28,750 bins / week
- Waste disposal
24,000 tonnes / annum
- Dial-a-Garbo
600 users / month
- Hard and green waste collection
620 tonnes rubbish, 205 tonnes
recyclables & green waste
- Operation of the Port Phillip Transfer Station
1,100 users / month
- Street, beach and drain cleaning
770 km roads & 9.5 km beaches
- Fleet maintenance and management
270 cars, trucks and equipment



The Environmental Services Unit provides waste management services to residential and commercial properties in Port Phillip. The Unit also provides fleet maintenance and management services to Council.

In 1996-97, the Unit was successful in winning the internal tender to deliver waste management and fleet maintenance services. The waste management tender was won by the in-house team in partnership with Visy Recycling and Cleanaway.

Garbage bin downsizing was implemented in the municipality. The new bins have been distributed and domestic garbage runs reviewed.

The new Cleanaway garbage trucks servicing the municipality are more cost effective with a single operator

and now display new livery depicting the Port Phillip logo.

The Unit aims to deliver a significant improvement in street cleaning performance and has developed and implemented a quality monitoring system for street cleaning.

The Citizens' Monitoring Network pilot program will enable residents to provide performance feedback to Council on the effectiveness of its cleaning services.

The Unit is in the midst of preparing a high quality educational booklet promoting its new waste management services and waste management strategies.

Culture and Recreation Services

Services provided:

- Library services
- Cultural activities
- Recreation services
- Special needs
- Heritage preservation
- Community halls and facilities

The Culture and Recreation Services Unit coordinates the public facilities and recreation activities for the Port Phillip community.

There has been a strong focus on further development and support of a diverse range of arts, cultural and leisure services that will cater to the needs of the community.

Council has had a long history of commitment to fostering the arts and leisure activities in the City and 1996-97 was no exception. There have been numerous highlights in the period.

The Unit successfully launched the long awaited community aquatic facility at the Melbourne Sports and Aquatic Centre at the Albert Park Reserve. The Unit was also responsible for negotiating significant concessions on entrance fees and centre memberships for local users.

A new public facility for hockey and tennis at Albert Park was completed and launched this year.

The Unit has conducted extensive community consultation and, as a result, drafted the City of Port Phillip Open Space and Leisure Strategy. This strategy, which sets out the direction of open space and leisure planning for the City, is expected to be adopted by Council shortly.

The Unit has also invested funds into capital works for the South Melbourne Gasworks Park in order to improve and maintain on-site public amenities.

Library services were successfully tendered this year. In the completion of its first year of operation, the Unit's library services exceeded many targets and were well within budget.

The 30th St Kilda Film Festival attracted even more visitors this year and, for the first time, included international films with a screening of British contemporary short films from

the British Film Institute and the Arts Council of England.

The Unit expects further progress on all projects is aiming to further enhance the identity of local neighbourhoods and quality of life through the provision of accessible and affordable arts, cultural and leisure services for everybody in the community.

Infrastructure

Services provided:

- Design and asset management
- Road construction and maintenance works
- Capital works management
- Meter maintenance
- Foreshore development and maintenance

1996-97 was a year that saw many achievements for the Infrastructure Unit.

The Unit's partnership with the developers of the Melbourne Sports and Aquatic Centre facilitated the completion of the community aquatic facility and ensured that the public amenities were reflective of Council's guidelines for excellence in design.

The Unit's Design and Asset Management group was awarded Quality Certification ISO 9000 by the Australian Quality Council during the year for its quality systems in place.

The Unit also entered into the running for a prestigious award from the Institute of Engineers for engineering excellence in foreshore planning and development. Further work was completed on the draft Foreshore Management Plan to ensure that the future development of the Port Phillip foreshore reflects community aspirations and protects local heritage.

The Unit also completed the redevelopment of the Port Melbourne foreshore strip between Princes Street and Nott Street with improvements to public amenities.

During the 1997 Australian Grand Prix in Albert Park, the Unit successfully managed and coordinated the amenity issues and ensured minimal impact to local residents.

The Unit undertook a major capital works program this year and completed the resheeting works on roads and footpaths. Another program for the maintenance of main roads was also completed in conjunction with VicRoads.

The Unit also successfully negotiated the transfer of the Frank and Mary Crean Reserve to public open space.

Significant savings in electricity payments for street lighting were achieved during the year with the Unit's focus on energy conservation.

Other achievements for this financial year include the construction of a synthetic hockey pitch at the Albert Park Reserve and the establishment of a sign and street tree asset management system to track Council's portfolio of assets.

THE CITY DEVELOPMENT DIVISION IS RESPONSIBLE FOR STRATEGIC PLANNING AND FACILITATION, BUILDING AND PLANNING, URBAN DESIGN AND ARCHITECTURE AS WELL AS NEIGHBOURHOOD AMENITY SERVICES.

The Division administers the statutory planning regulations and the enforcement of planning controls throughout the City of Port Phillip. It also has an enforcement and management role in parking, local laws and public health.

During the 1996-97 financial year, the Division implemented strategic plans to guide decision making about land use and urban design.

In 1996-97, the Division's parking enforcement team achieved quality certification to ISO 9002.

Strategic Planning and Facilitation

Services provided:

- Strategic land use planning
- Facilitation and coordination of major projects
- Economic and business development
- Managing housing strategies
- Strategic transport planning

The Strategic Planning and Facilitation Unit provides the facilitation of key sites in the municipalities to meet community aspirations as stated in the Community Plan. The unit is also responsible for the development of policy framework in conjunction with State Government departments and agencies to meet the planning objectives of the City.

In 1996-97, the Unit facilitated and coordinated several major developments on key sites in Port Melbourne, St Kilda Road and the St Kilda Foreshore. The Unit oversees approximately 1600 planning permits a year to ensure compliance to the new Port Phillip Planning Scheme and to ensure the sustainable development of the City.

The Unit completed and produced the new City of Port Phillip Planning Scheme after extensive community consultation. The new planning scheme is a major initiative undertaken by Council aimed at streamlining the existing planning policies. It is a clear and concise reflection of Council's planning policies and objectives.

The Municipal Strategic Statement (MSS) was completed and adopted by Council after an extensive consultation process. The MSS reflects Council's strategic plan for the future of developments in Port Phillip. The MSS sets out the planning policies and objectives which underpin the land use and development provisions of the Port Phillip

Planning Scheme. This document will be used as a reference for all planning decisions in the City.

Another major achievement for 1996-97 was the further development of the Community Housing Program. The City of Port Phillip, supported by a \$2 million grant from the State Government, will purchase and upgrade a portion of the Regal Hotel at Fitzroy Street, St Kilda for community housing purposes.

The Community Housing Program aims to provide safe, secure and affordable housing for marginalised or disadvantaged persons in an area where public housing is quickly disappearing due to the rapid gentrification of inner Melbourne suburbs.

Planning and Building Services

Services provided:

- Subdivision approval
- Statutory land use planning
- Building regulation and certification

The Planning and Building Services Unit provides advice and guidelines to building consultants, developers, ratepayers and residents on building regulations and certification. The Unit also oversees statutory land use planning.

The achievements for 1996-97 include the successful delivery of planning and building services with cost efficiencies implemented and the completion of a major review of planning procedures to improve quality and timeliness of service delivery.

The Planning and Building Services Unit also facilitated the planning process for a major development by Becton in Port Melbourne. The Unit negotiated development parameters for the development to ensure the developer's compliance with Council guidelines on excellence in design.

In this reporting period, the Unit also developed and implemented a new electronic work flow management system.

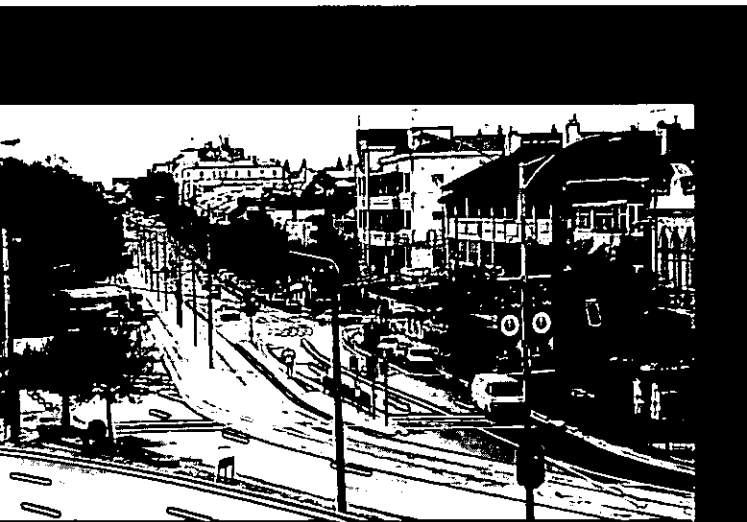
In an effort to constantly improve the Unit's performance, technical equipment was further upgraded to streamline all work processes in the area.

Urban Design and Architecture

Services provided:

- Provision of guidelines on built form, design and streetscape of new developments
- Ensuring new developments occur in a consistent manner with the infrastructure capacity and urban character of this City
- Maintaining best practice in the design and construction of civic works

The City of Port Phillip values excellence in design and planning whereby the urban landscape retains its unique character features. The completion of the Urban Character Study and Heritage Review by the Urban Design and Architecture Unit and the incorporation of its outcomes into Council policy and statutory procedures have ensured that a forward looking strategy provides the guidance to shape Port Phillip's urban environment for the future.



One of the crucial factors of planning within the City of Port Phillip is the striking of a balance between community demand to preserve and consolidate and the pressures to develop.

In 1996-97, the Urban Design and Architecture Unit assisted in the development of the City of Port Phillip Planning Scheme after engaging in extensive community consultation: The input from the Urban Design and Architecture Unit on the design guidelines as enshrined in the City of Port Phillip Planning Scheme will ensure that new development occurs in a balanced and environmentally responsible manner consistent with the City's roads and infrastructure capacity.

The Urban Design and Architecture Unit has supported the implementation and adoption of the new planning scheme by providing accessibility to advice and guidelines for developers, architects and urban planners on the design of built forms and streetscape of new development projects.

The Unit has translated the broad objectives of the Port Phillip Planning Scheme and the Municipal Strategic

Statement to achieve improvements in the public realm through best practice in the design and construction of civic works.

Neighbourhood Amenity

Services provided:

- Neighbourhood development
- Traffic management
- Parking enforcement and tickets
- Local laws enforcement
- Public health and food surveillance
- Animal management
- School crossing supervision

The Neighbourhood Amenity Unit is a provider of integrated services to the Port Phillip community including tourists and visitors as well as residents and businesses to maintain public amenity in the area.

In the 1996-97 financial year, the Neighbourhood Amenity Unit's in-house team achieved success in winning CCT contracts for all services except animal management. The animal management contract was won by the North Melbourne Lost Dogs' Home.

The parking enforcement team achieved quality certification to ISO 9002 with its quality systems in place. Major reviews were conducted on parking restrictions in St Kilda and South Melbourne to monitor traffic flows and address road safety concerns of local residents. In Port Melbourne, a major traffic management survey of the area was completed to study the impact of Citylink and Webb Dock on the area.

In the interest of the community's health, the Unit is developing an environmental and public health strategy. The strategy will provide guidelines on monitoring and auditing of food outlets and health act premises such as tattoo parlours, hairdressing and beauty therapy salons and accommodation premises.

The Unit also provides a free immunisation service for infants, school-aged children, adults and staff.

Among the major achievements for 1996-97, the Neighbourhood Amenity Unit developed a Neighbourhood Development Strategy which aims to provide a focus for integrated local area planning and service delivery, a means of information exchange between Council and local residents as well as a process for strengthening neighbourhood networks and promoting community development.

A Multicultural Plan was developed after extensive community consultation to identify and address the issues affecting people from non-English speaking backgrounds. The Multicultural Plan aims to ensure equity in resource allocation for service delivery and to include representation of the multicultural community in Council's market research and consultation processes.

THE CORPORATE DIVISION IS RESPONSIBLE FOR THE FUNCTIONS OF INFORMATION AND FINANCIAL MANAGEMENT, HUMAN RESOURCES PROPERTY AND REGULATORY SERVICES.

The Division provides the internal infrastructure for other service providers and carries out the governance functions required of the City of Port Phillip.

One of the highlights of 1996-97 for the Corporate Division was the achievement and retention of ISO 9002 Quality Certification after months of hard work put in by staff.

All 60 management and staff members commenced an intensive quality system program to achieve ISO 9002 certification in 11 months.

During this financial year, the Corporate Division also established Service Level Agreements and as a result standardised and developed benchmarks for service levels.

There were numerous transitions within the Corporate Division with the organisational restructure. New technical systems are being implemented into each department.

This year, the Corporate Division saw the introduction of a new Financial Information Management System, Local Area Work Agreements and Systems Development. Internal control systems were further developed and accountabilities monitored.

Central Records

Services provided:

- Record keeping and management
- Mail management

In 1997-96, the changing needs of each business unit saw the need for Central Records to develop and commence implementing a strategic plan to realign records services. The development of decentralised record keeping systems and the management of records and mail processes includes the archiving of all City of Port Phillip documents.

The services of the Central Records Unit enable core business units to make timely and informed decisions.

Property and Regulatory

Services provided:

- Building maintenance
- Risk management
- Insurance policy and claim management
- Valuation of rateable properties
- Valuation for accounting purposes
- Managing Council's property portfolio
- Managing CCT compliance

- Managing asset sales
- Managing statutory functions

The Property and Regulatory Unit has implemented a five-year rolling plan for building maintenance and developed a risk management strategy.

As part of its risk management strategy, a computerised database has been set up to manage insurance.



The first computerised revaluation of Council's assets was undertaken this year and the Unit will be conducting further revaluations on a biennial basis.

The Unit has developed a system to analyse and record expenditures incurred in the process of Compulsory Competitive Tendering (CCT). The system also monitors Council's achievement of 52% per cent CCT compliance in 1996/97.

Other achievements for this year include the implementation of a computerised system for the recording and archiving of Council minutes.

Information Management

Services provided:

- Statutory and management reporting
- Budget coordination, systems administration
- Financial management information (FMIS)
- Revenue management, including rates and cashiering
- Accounts coordination
- Information systems

This year, the Information Management Unit successfully implemented the first phase of the financial management information system to streamline operational processes.

The Unit has also developed further processes to provide key business information to managers and to decentralise corporate costs.

Human Resources

Services provided:

- Enterprise agreement development
- Local Area Work Agreements
- Staff training
- Industrial relations support and advice
- Recruitment and outplacements
- Performance management and review
- Occupational health and safety
- Payroll and Workcover

The Human Resources Unit provides employment support, advice and training to staff. It is also responsible for handling industrial relations issues, recruitment, performance management and review as well as developing Council's Enterprise Agreement.

During the course of the year, the Unit developed and implemented Local Area Work Agreements for the organisation.

Apart from ongoing work with organisational restructuring and cultural changes, the Human Resources Unit has been heavily involved with the integration of the three former municipalities of South Melbourne, Port Melbourne and St Kilda.



PERMANENT EMPLOYEES AT THE CITY OF PORT PHILLIP- JUNE 1997

| CLASSIFICATION | FEMALE FULL TIME | FEMALE PART TIME | FEMALE TOTAL | MALE FULL TIME | MALE PART TIME | MALE TOTAL | FOR GROUP TOTAL |
|-----------------------|---------------------|---------------------|-----------------|-------------------|-------------------|---------------|--------------------|
| 1 | 1 | 21 | 22 | 18 | 14 | 32 | 54 |
| 2 | 1 | 7 | 8 | 26 | 6 | 32 | 40 |
| 3 | 19 | 19 | 38 | 32 | 7 | 39 | 77 |
| 4 | 18 | 9 | 27 | 10 | 1 | 11 | 38 |
| 5 | 41 | 10 | 51 | 19 | 4 | 23 | 74 |
| 6 | 10 | 4 | 14 | 16 | - | 16 | 30 |
| 7 | 8 | - | 8 | 8 | - | 8 | 16 |
| 8 | 1 | - | 1 | 1 | - | 1 | 2 |
| SEO | 21 | - | 21 | 31 | - | 31 | 52 |
| CONTRACT | 7 | 1 | 8 | 13 | - | 13 | 21 |
| CEO | 1 | - | 1 | - | - | - | 1 |
| SUBTOTAL | 128 | 71 | 199 | 174 | 32 | 206 | 405 |
| CHILD CARE WORKERS | 44 | 13 | 57 | 1 | - | 1 | 58 |
| MATERNAL NURSES | 3 | 7 | 10 | - | - | - | 10 |
| APPRENTICE | - | - | - | 1 | - | 1 | 1 |
| MISCELLANEOUS | 4 | 65 | 69 | 27 | 12 | 39 | 108 |
| TOTAL | 179 | 156 | 335 | 203 | 44 | 247 | 582 |

Non English speaking background

Not Available

Aborigines/Torres Strait Islanders

2

Disabled

Not Available

Women

335

TOTAL FOR ALL PERMANENT STAFF

582

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM INFORMATION

The City of Port Phillip recognises that all individuals are entitled to fair and consistent treatment in employment and will work to ensure that all individuals are treated fairly and that the workplace is free of harassment, discrimination and unfair treatment. Under the Victorian Equal Opportunity Act (1984) and the Local Government Act (1989), the City of Port Phillip has a statutory responsibility to ensure that this occurs.



The City of Port Phillip has developed an Equal Employment Opportunity Strategy which consists of six objectives which include development, implementation and assessment of the Equal Employment Opportunity Program. The objectives are:

- (1) To achieve the commitment from employees for the Equal Employment Opportunity Strategy to succeed.
- (2) To establish a framework for consultation that will enable all employees to participate in the development and implementation of the Equal Employment Opportunity Strategy.
- (3) To obtain an organisation profile that is sufficiently detailed to enable the City of Port Phillip to access its Equal Employment Opportunity position, identify its problems and needs and monitor and evaluate the effectiveness of the objectives and strategies that are being implemented.
- (4) To ensure recruitment and promotion processes are in place that will select employees that best meet the organisation's needs and ensure that their progress through the organisation is also best designed to meet those needs.
- (5) To ensure that the City of Port Phillip's training and development program initiatives are designed to identify employee capabilities and aspirations and develop them so that they will make the best possible contribution to the organisation.
- (6) To ensure that the City of Port Phillip maintains a work environment characterised by positive morale, a sense of justice and fair play and an absence of bias, harassment and intimidation.

The City of Port Phillip is committed to the principle of Equal Employment Opportunity and will ensure that:

- (1) no person shall be discriminated against on the grounds of sex, age, marital status, national or ethnic origin, physical disability, socio-economic status, sexual preference or religious beliefs;
- (2) all employees and clients work and conduct business in an environment free from harassment and discrimination;
- (3) employment opportunities for all groups should be as wide as possible and cover all areas of Council activity; and
- (4) employment, promotion or advancement, training and staff development will be assessed only on the grounds of merit in fair and open competition according to the skills qualifications, knowledge and efficiency relevant to the position involved.

LIST OF DOCUMENTS SPECIFIED IN PART 10 OF THE LOCAL GOVERNMENT REGULATIONS

ACCOUNTS

Operating statement

Statement can be inspected at the St Kilda Town Hall.
Contact the Finance Unit.

Statement of financial position

Statement can be inspected at the St Kilda Town Hall.
Contact the Finance Unit.

Notes to the financial statement

Notes can be inspected at the St Kilda Town Hall.
Contact the Finance Unit.

OTHER DOCUMENTS

Details of current allowances fixed for the Mayor and Councillors.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Details of all current and former senior officers' gross salaries, allowances and other benefits for the current financial year and two previous financial years.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Details of overseas or interstate travel, with the exception of interstate travel to a neighbouring municipality, undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act.

Agendas and minutes can be inspected at the St Kilda Town Hall.

Contact the Statutory Functions Unit.

A list of all major committees established by the Council and the purpose for which each committee was established.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

A list of all major committees established by the Council which were abolished or ceased to function during the financial year.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act.

Minutes can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Applications for enrolment on the voters' roll under section 12 and 13 of the Act for the immediate past roll and the next roll being prepared.

Applications can be inspected at the St Kilda Town Hall.
Contact the Rates Unit.

Register of delegations kept under section 87 of the Act.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Register of delegations kept under section 88 of the Act.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Submissions received under section 223 of the Act during the previous 12 months.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

Agreements to establish regional libraries under section 196 of the Act.

Not applicable.

Register of leases entered into by the Council

Register can be inspected at the St Kilda Town Hall.
Contact the Property Unit.

Register of authorised officers appointed under Section 224 of the Act.

Register can be inspected at the St Kilda Town Hall.
Contact the Statutory Functions Unit.

LOCAL LAWS LIST

- Local Law No. 1 - Parking Local Law
- Local Law No. 2 - Markets Local Law
- Local Law No. 3 - Environment Local Law
- Local Law No. 4 - Street, Roads and Other Public Places
- Local Law No. 5 - Australian Grand Prix Local Access Only Zone
- Local Law No. 6 - Council Meetings Procedures

IMPLEMENTATION OF NATIONAL COMPETITION POLICY

In 1993 the Hilmer Report was presented to federal government. This report suggested that restrictions on competition in the public sector were protecting inefficiencies and resulting in higher than necessary costs of infrastructure and government services.

In the following year, Victorian State Government legislation requiring Councils to subject a percentage of their expenditure to an open and competitive process was introduced. This process is called Compulsory Competitive Tendering (CCT).

Compulsory Competitive Tendering does not dictate which services should be openly tendered, but sets a percentage target for Councils to meet. It is a process designed to ensure that Councils receive the best value for money for goods, services or work.

In April 1995, Commonwealth and State governments

agreed to the implementation of a National Competition Policy which would also apply to local government.

National Competition Policy impacts on local government in a number of ways. It has resulted in the extension of the Trades Practices Act to encompass local government and the removal of legislative and regulatory restrictions on competition. Competitively neutral pricing principles have also been introduced to ensure that local government business activities are operating on a level playing field with the private sector.

As well as reporting on its performance against Compulsory Competitive Tendering legislation, local government is also required to report annually on the implementation of National Competition Policy. The following report outlines the action that the City of Port Phillip has taken to date.

| | SOME BUSINESS ACTIVITIES | ALL BUSINESS ACTIVITIES |
|--|-------------------------------------|-------------------------------------|
| Structural review of business activities: | | |
| Commenced | <input type="checkbox"/> | <input type="checkbox"/> |
| Progress made | <input type="checkbox"/> | <input type="checkbox"/> |
| Completed | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Application of Model 1: | | |
| Under consideration | <input type="checkbox"/> | <input type="checkbox"/> |
| Section 193 application made | <input type="checkbox"/> | <input type="checkbox"/> |
| Corporation established | <input type="checkbox"/> | <input type="checkbox"/> |
| Application of Model 2: | | |
| Commenced | <input type="checkbox"/> | <input type="checkbox"/> |
| Progress made | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Legislative review: | | |
| Local Laws review planned | | <input type="checkbox"/> |
| Commenced | | <input checked="" type="checkbox"/> |
| Progress made | | <input type="checkbox"/> |

Explanatory notes:

Structural review of business activities:

Council completed a review of the corporate structure during the 1996/97 financial year and it was decided to restructure the organisation. The restructure was undertaken to improve the structural arrangements for the delivery of services.

Application of Model 2:

Model 2 competitively neutral policies will apply to any commercial activity. Commercial activity is, or has, the potential to be in competition with the private sector and this involves activities associated with Compulsory Competitive Tendering. The policies include the following pricing principles: that pricing should reflect full attribution of all costs incurred, that pricing should include the net competitive advantages/disadvantages of public sector

ownership and that the process should be transparent and defensible.

Legislative review:

In accordance with Clause 5 of the Competition Principles Agreement between the Commonwealth, State and Territory governments, Council has commenced a process that will ensure compliance with the National Competition Policy principles of legislative review.

A review of Council's Local Laws has been commenced. Five of the six Local Laws contain provisions that potentially restrict competition. These provisions will be scrutinised as part of a general review of the Local Laws to be completed by June 1999. The provisions will be altered unless it can be demonstrated that the benefits of the restrictions to the community as a whole outweigh the costs and that the objectives of the legislation can only be achieved by restricting competition.

**COMPETITIVE TENDERING STATEMENT OF THE CITY OF PORT PHILLIP
FOR THE PERIOD 1 JULY 1996 TO 30 JUNE 1997**

| | \$ | No | % |
|---|--------------|-----|--------|
| Total expenses | | | |
| Total cost of operations | 89,527,000 | | |
| Less abnormal expenses | (24,631,000) | | |
| Less extraordinary expenses | - | | |
| Value of expenses for CCT base | 64,896,000 | | 100% |
| Competitive tendering target | 32,448,000 | | 50% |
| COMPETITIVE ARRANGEMENTS | | | |
| Contracts with external parties | 12,644,899 | 93 | |
| In-house agreements | 14,829,880 | 13 | |
| Income derived from contracted services | 142,724 | 2 | |
| Contracts approved by the Minister (208F) | 4,976,281 | 195 | |
| Contracts with external parties formerly by Council | 1,007,547 | 3 | |
| Total competitive arrangements | 33,601,331 | 306 | 51.78% |
| Surplus of competitive arrangements | 1,153,331 | | 1.78% |
| Number of in-house tenders received | | 4 | |

COMPARISON OF CCT RESULTS BY CATEGORY BETWEEN 1995/96 AND 1996/97

| Category | 1995/96 | | 1996/97 | |
|---|-----------------------------|----------------------|-----------------------------|----------------------|
| | Number of contracts | Value \$ | Number of contracts | Value \$ |
| A. Public Works & Services | 110 | 8,511,673.98 | 41 | 11,633,821.31 |
| B. Recreation Facilities & Services | 20 | 3,300,916.23 | 5 | 5,928,797.87 |
| C. Environment Services | 5 | 1,010,094.47 | 7 | 2,369,356.37 |
| D. Health & Welfare Services | 0 | - | 4 | 31,388.63 |
| E. Administrative, Financial & Professional | 47 | 4,216,824.55 | 51 | 6,930,796.23 |
| F. Statutory Services | 5 | 1,051,689.40 | 3 | 1,730,888.99 |
| G. Economic development activities | 1 | 23,400.00 | 0 | - |
| H. Approved Purchasing Schemes | 234 | 3,959,518.98 | 195 | 4,976,280.84 |
| Total | 422 | 22,074,117.61 | 306 | 33,601,330.24 |
| CCT % achieved | 34.8% (min requirement 30%) | | 51.7% (min requirement 50%) | |

CERTIFICATION OF COUNCIL'S COMPETITIVE TENDERING STATEMENT

"In my opinion the accompanying competitive tendering statement has been prepared in accordance with the Local Government Act 1989 and the Local Government Regulations 1990."

Principal Accounting Officer:



DAVID GRAHAM
PRINCIPAL ACCOUNTING OFFICER

Dated: 8 September 1997 St Kilda

"In our opinion the accompanying competitive tendering statement present fairly the number and value of competitive arrangements of Council for the year ended 30 June 1997.

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

Councillors:



COUNCILLOR

Dated: 8 September 1997 St Kilda



COUNCILLOR

Dated: 8 September 1997 St Kilda

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

| | Note | 1997 \$,000 | 1996 \$,000 |
|--|------|-----------------|----------------|
| REVENUE | | | |
| Rates | | 23,739 | 33,647 |
| Grants | | 8,098 | 6,186 |
| Interest | | 1,441 | 1,391 |
| Grant commission | | 2,211 | 2,332 |
| Charges, fees, fines | | 19,776 | 16,620 |
| Gain on disposal of non current assets | 3 | 223 | - |
| Other revenue | | 27 | 413 |
| Total Revenue | | 55,515 | 60,589 |
| EXPENSES | | | |
| Employee costs | | 25,775 | 24,370 |
| Materials & contracts | | 16,268 | 15,590 |
| Utility payments | | 1,927 | 1,809 |
| Depreciation | 4 | 7,833 | 3,998 |
| Consultants | | 1,910 | 1,521 |
| Debt servicing cost | | 5 | 571 |
| Other expenses | 5 | 11,178 | 15,487 |
| Total Expenses | | 64,896 | 63,346 |
| Net increase (decrease) in net assets arising from operations before abnormal items | | (9,381) | (2,757) |
| Less abnormal items | 6 | 15,092 | 2,551 |
| Net increase (decrease) in net assets arising from operations after abnormal and before extraordinary items | | (24,473) | (5,308) |
| Plus extraordinary items | 7 | - | 18,105 |
| Net increase (decrease) in net assets arising from operations after abnormal and extraordinary items | | (24,473) | 12,797 |

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 1997

| | Note | 1997 \$,000 | 1996 \$,000 |
|--------------------------------------|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash | 8 | 7 | 114 |
| Receivables | 9 | 4,543 | 7,846 |
| Investments | 10 | 20,274 | 27,980 |
| Inventories | 11 | - | 52 |
| Other | 12 | 983 | 1,846 |
| Total Current Assets | | 25,807 | 37,838 |
| CURRENT LIABILITIES | | | |
| Bank overdraft | 13 | 645 | 1,321 |
| Creditors | 14 | 8,721 | 8,820 |
| Provisions | 15 | 4,023 | 3,047 |
| Total Current Liabilities | | 13,389 | 13,188 |
| NET CURRENT ASSETS | | 12,418 | 24,650 |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 19 | 478,774 | 254,898 |
| Total Non Current Assets | | 478,774 | 254,898 |
| NON CURRENT LIABILITIES | | | |
| Provision | 16 | 14,350 | 1,719 |
| Borrowings | 17 | 90 | 90 |
| Other | 18 | 382 | 425 |
| Total Non Current Liabilities | | 14,822 | 2,234 |
| NET NON CURRENT ASSETS | | 463,952 | 252,664 |
| NET ASSETS | | 476,370 | 277,314 |
| EQUITY | | | |
| Accumulated surplus | | 332,856 | 131,892 |
| Reserves | 25 | 143,514 | 145,422 |
| TOTAL EQUITY | | 476,370 | 277,314 |

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 1997

| | Note | Total Surplus Reserve | Accumulated Revaluation | Asset Reserves | General Reserves | Statutory |
|---|----------|-----------------------------|----------------------------|-------------------|---------------------|--------------|
| | | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 |
| Balance at 30 June 1996 | | 277,314 | 131,892 | 131,816 | 10,809 | 2,797 |
| Operating surplus after abnormal and extraordinary items | | (24,473) | (24,473) | - | - | - |
| Asset revaluation exercise | 1.6 & 25 | 223,529 | 223,262 | 267 | - | - |
| Transfers to reserves | 25 | - | 3,959 | - | (3,874) | (85) |
| Transfers from reserves | 25 | - | (1,784) | - | 1,392 | 392 |
| Balance at end of period | | 476,370 | 332,856 | 132,083 | 8,327 | 3,104 |

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1997

| | Note | 1997 \$,000 | 1996 \$,000 |
|---|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts: | | | |
| Receipts from ratepayers | | 29,207 | 32,559 |
| Interest received | | 1,441 | 1,391 |
| User charges | | 19,822 | 16,620 |
| Citipower proceeds | | - | 18,105 |
| Other receipts | | 27 | 322 |
| Payments: | | | |
| Payments to suppliers and employees | | (42,201) | (40,235) |
| Interest paid | | (5) | (571) |
| Consultants | | (1,910) | (1,108) |
| Utility costs | | (1,927) | (1,809) |
| Staff redundancies | | (1,246) | (2,197) |
| Other payments | | (11,256) | (16,406) |
| Net cash provided by operating activities | 20.1 | (8,048) | 6,671 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for purchase of investments | | 7,706 | (3,315) |
| Payments for property, plant and equipment | | (10,617) | (8,497) |
| Proceeds from sale of property, plant and equipment | | 1,219 | 6,121 |
| Net cash used in investing activities | | (1,692) | (5,691) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowing | | - | (10,395) |
| Net cash used in financing activities | | - | (10,395) |
| CASH FLOWS FROM GOVERNMENT | | | |
| Grants commission | | 2,211 | 2,332 |
| Vic Roads | | 931 | 767 |
| Other government | | 7,167 | 5,419 |
| Total cash flows from government | | 10,309 | 8,518 |
| Net increase (decrease) in cash held | | 569 | (897) |
| Cash at the beginning of the period | | (1,207) | (310) |
| Cash at the end of the period | 20.2 | (638) | (1,207) |

The accompanying notes form part of these financial statements

NOTES TO THE ACCOUNTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Council controls resources to carry on its function have been included in the financial statements forming part of this financial report.

In the process of reporting on the municipality as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

1.2 BASIS OF ACCOUNTING

This financial report has been prepared to comply with applicable Australian Accounting Standards and the Local Government Act (1989). The financial report has been prepared on the accrual basis of accounting.

Except for certain items of property, plant and equipment, which are valued at current cost valuation, the report has been prepared in accordance with the historical cost convention.

The accounting policies adopted are consistent with those of the previous year with the exception of the changes outlined in Note 1.4, 'Changes in Accounting Treatment'.

1.3 RATING YEAR

The financial statements for the 1996-1997 financial year are for the period 1 July 1996 to 30 June 1997, except for rate revenue which is for the period of 1 October 1996 to 30 June 1997.

When making comparisons with the previous period (1995-1996 financial year), it should be noted that rate revenue was for a twelve month period of 1 October 1995 to 30 September 1996.

1.4 CHANGES IN ACCOUNTING TREATMENT

(a) Capitalisation threshold for property, plant and equipment.

The capitalisation threshold for all categories of property plant and equipment has been established at \$500 for the 1996 -1997 financial year.

Previously the capitalisation threshold for infrastructure assets and land and buildings was \$50,000. The capitalisation threshold for plant and equipment was \$1,000.

The impact of the change on the 1996 - 1997 financial year is a reduction of \$0.4 million in total expenses.

(b) Unfunded superannuation liability

In prior years, the Council reported its unfunded superannuation liability in the notes to the financial statements, consistent with the requirements of Australian Accounting Standard AAS30 'Accounting for Employee Entitlements.'

In prior years, the Local Authorities Superannuation Board (LASB) disclosed the unfunded superannuation liability by way of notes to its financial statements. The LASB has now recognised the unfunded superannuation liability as accrued income in the audited financial statements for 1996 - 1997.

Consequently, the Council has brought to account a liability of \$13.4 million and also reported it as an abnormal expense in the operating statement. The valuation of the liability is based on audited advice of the Council's share of the unfunded liability of the defined benefits fund as at 30 June 1997 provided by the LASB (\$11.4 million), and increased after allowing for the impact of the Commonwealth Superannuation Contributions tax (\$2.0 million).

Refer to Note 24 'Superannuation' for additional information.

(c) Recognition of parking infringement notices

Income from parking infringement notices is now accounted for on an accrual basis. Previously income from parking infringement notices was recognised on a cash basis.

The impact of the change on the 1996-1997 financial year is an additional \$9.5 million in abnormal revenue, representing the initial recognition of a debtor for parking infringement notices and \$8.6 million in doubtful debts abnormal expense, representing the initial recognition of the provision for doubtful debts.

Refer to Note 9 'Current Assets - Receivables' for additional information.

(d) Inventories

In prior years, the Council maintained an inventory system for a number of consumable items and reported unissued inventory items at balance date as an asset in the balance sheet.

Over the past two years, the stock of consumables has decreased to a point where it is more efficient to expense the items at acquisition rather than maintain a separate inventory system.

The impact of the change on the 1996-1997 financial year is considered immaterial.

1.5 TRUST FUNDS

All trust funds and monies held on deposit are disclosed as liabilities in the Statement of Financial Position.

1.6 PROPERTY PLANT AND EQUIPMENT

CAPITAL AND OPERATING

Material expenditure incurred on the purchase and development of assets is treated as capital expenditure. Expenditure necessarily incurred in either maintaining the operating capacity of the non current asset or ensuring that the original life estimate is achieved, is considered maintenance expenditure and is treated as an expense.

Items of property, plant and equipment with a value less than \$500 are treated as an expense.

ACQUISITION

Assets acquired are initially recorded at cost. Cost is determined as the fair value of the assets given up and includes all costs incidental to the acquisition and incurred in getting the asset ready for use. Where assets are constructed by the Council, cost includes an appropriate share of variable and fixed overheads.

VALUATION

Infrastructure assets are valued at current replacement cost. Current replacement cost is defined as the cost required to obtain the full service potential or economic benefits embodied in the existing asset, using a technologically up to date reference asset.

Land and buildings are valued at full market value. Land is valued assuming the highest and best use permitted by the relevant land use planning provisions or existing public use whichever is the greater. All freehold land reserved for public open space is valued at a discount to market value based on legal precedents.

As per Accounting Guideline No1 (Issued by the Office of Local Government - February 1996) Land Under Roads has not been recognised in the accounts due to the lack of a reliable valuation methodology.

Plant and machinery and furniture and equipment are valued at existing use value. The existing use value represents the value of the assets to an organisation as a continuing entity. The valuation assumes that the assets are, or are capable of, being utilised as assets of a profitable undertaking.

Heritage and works of art are valued at recoverable amount.

Revaluations of non current assets do not result in the carrying value exceeding the remaining service potential expected to be utilised or recovered by the Council in future periods. Where the carrying amount of an individual non current asset is greater than the amount expected to be recovered or utilised the asset is revalued to its recoverable amount.

ASSET VALUATION EXERCISE

A program of identifying and valuing the Council's property, plant and equipment was concluded in the 1996 - 1997 financial year.

The following classes of property, plant and equipment were either recognised for the first time or revalued to current cost in the 1996 - 1997 financial year.

| | Revaluation increment \$,000 |
|--|------------------------------|
| Roads, streets and bridges | 147,508 |
| Land improvements | 44,339 |
| Drainage works | 28,570 |
| Plant and equipment and furniture and fittings | 267 |
| Heritage and works of art | 2,845 |
| | <u>223,529</u> |

In accordance with Australian Accounting Standard AAS27, 'Financial Reporting by Local Government,' for those assets that have been recognised for the first time, the amount of the resultant adjustment (\$223.2 million) has been costed directly to retained earnings.

Land and buildings were revalued to current cost in the 1994 - 1995 financial year.

Revalued items of property, plant and equipment have been valued at current cost less accumulated depreciation.

Infrastructure assets and land and buildings are revalued at no more than three yearly intervals.

1.7 DEPRECIATION OF NON CURRENT ASSETS

Non current assets having limited useful lives are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets. Depreciation is recognised on the straight line basis based on costs or revalued amounts, using rates which are reviewed each year. Major depreciation periods are:

INFRASTRUCTURE

| | | |
|-----------------------------------|---------|-------|
| Bridges | 100 | years |
| Drains | 100 | years |
| Improvements to parks and gardens | 5 to 25 | years |
| Kerb & channels | 50 | years |
| Local roads | 100 | years |
| Footpaths | 25 | years |
| Right of ways | 100 | years |

| | | |
|-----------|-----------|-------|
| BUILDINGS | 20 to 100 | years |
|-----------|-----------|-------|

OTHER PLANT AND EQUIPMENT

| | | |
|--------------------------|-----|-------|
| Communications equipment | 3 | years |
| Furniture | 5.5 | years |
| Heritage assets | 100 | years |
| Information technology | 3 | years |
| Library books | 5 | years |
| Motor vehicles | 5 | years |
| Office equipment | 5.5 | years |
| Other | 5 | years |

1.8 EMPLOYEE ENTITLEMENTS

WAGES AND SALARIES, ANNUAL LEAVE AND ROSTERED DAYS OFF

Liabilities for wages and salaries, annual leave and rostered days off are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date.

RETIREMENT GRATUITY

Retirement gratuities were provided to certain employees who joined the Council prior to 30 June 1995. The provision is a portion of unused sick leave that the employee shall be entitled to on retirement.

LONG SERVICE LEAVE

For full time and part time employees with more than 5 years service, entitlements are provided for in full based on current pay rates.

For full time and part time employees with less than 5 years of service no entitlements are provided for.

SUPERANNUATION

The superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

Australian Accounting Standard AAS30, 'Accounting for Employee Entitlements' has not been adopted as it is considered to be impractical to calculate given information that is presently available in existing records. The effect of this non adoption is considered immaterial.

1.9 INVESTMENTS

Investments are valued at cost. Investments are held to maximise interest returns of surplus cash arising as a result of day to day operations. Interest revenues are recognised as they accrue.

1.10 RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS

Rates, grants, donations and contributions other than reciprocal contributions received from owners are recognised as revenues when the Council obtains control over the assets comprising the contributions. In the determination of control, consideration has been given to the provisions relating to control over grants and contributions as outlined in Australian Accounting Standard AAS27, 'Financial Reporting by Local Governments.'

Control over assets acquired from grants is normally obtained upon prior notification that a grant has been secured.

1.11 PROVISION FOR DOUBTFUL DEBTS

A provision for doubtful debts is raised where some doubt as to collection exists.

The provision for parking infringement doubtful debts is calculated as a percentage of total parking infringement revenue and has been evaluated and recognised based on previous payment and collection history.

The provision for other receivables doubtful debts is calculated as a percentage of debts exceeding 90 days overdue.

1.12 JOINT VENTURE

The Council is involved in two joint venture projects.

A joint venture project with the Department of Housing involves a housing project at Grosvenor & Brunnings Street, East St Kilda. The project, which is fully completed and included in Note 19, 'Property, plant and equipment,' for \$0.6 million, which represents Council's share in the joint venture asset.

There are no remaining liabilities to Council for the project. The program is managed by the St Kilda Housing Association who are responsible for the day to day running of the centre.

A joint venture involving the construction and management of a hockey and tennis facility on land leased from Melbourne Parks & Waterways at Albert Park Reserve, has recently been completed. The project is included in Note 19, 'Property, plant and equipment,' for \$0.1 million, which represents Council's share in the joint venture asset.

There are no remaining liabilities to Council for the project. The project is managed by a committee comprising representatives from Wesley College and Council.

The Council's share of the project is to be amortised over 21 years being the lease term.

1.13 RESTRICTED ASSETS

Included in Note 19 'Property, plant and equipment,' are housing assets which have restrictions placed on them. These assets which total \$4.2 million are used as community housing and were purchased with some assistance from state government funding. This funding imposed restrictions preventing Council from using these assets for any other purpose. If the funding conditions imposed are defaulted under the terms of the respecting funding arrangements, then a calculation formula is prescribed to determine a repayment amount payable to the state government.

Based on the current value included in the accounts (\$4.2 million) and on the assumption that all four of the housing fund agreements were defaulted at 30 June 1997 (which they were not) the amount repayable to the state government would be \$2.7 million.

1.14 ALLOCATION BETWEEN CURRENT AND NON CURRENT

In the determination of whether an asset or liability is current or non current, consideration is given to the time when each asset or liability is expected to be realised or paid.

The asset or liability is classified as current if it is expected to be realised or paid within the next twelve months.

1.15 ROUNDING

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

1.16 COMPARATIVE INFORMATION

Where applicable, comparatives have been adjusted to place them on the same basis as current year figures.

2.1 COMPARISON OF BUDGET AND ACTUAL RESULTS FOR RATE DETERMINATION AND OPERATING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 1997

| | Rate Determination | | | | Operating Statement | | | |
|---|--------------------|-----------------|---------------|---------------|---------------------|----------------|---------------|---------------|
| | Actual | Estimate | Actual | Estimate | Actual | Budget | Actual | Budget |
| | 1997 | 1997 | 1996 | 1996 | 1997 | 1997 | 1996 | 1996 |
| | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 |
| REVENUE | | | | | | | | |
| Rates | 23,739 | 24,700 | 33,647 | 32,147 | 23,739 | 24,700 | 33,647 | 32,147 |
| Grants | 8,098 | 6,160 | 6,186 | 4,890 | 8,098 | 6,610 | 6,186 | 4,890 |
| Interest | 1,441 | 900 | 1,391 | 1,100 | 1,441 | 900 | 1,391 | 1,100 |
| Grant commission | 2,211 | 2,350 | 2,332 | 2,230 | 2,211 | 2,350 | 2,332 | 2,230 |
| Charges, fees, fines | 19,776 | 17,437 | 16,620 | 16,284 | 19,776 | 17,437 | 16,620 | 16,284 |
| Gain on disposal of non current assets | - | - | - | - | 223 | 165 | - | - |
| Other | 27 | 109 | 413 | 982 | 27 | 109 | 413 | 982 |
| Total Revenue | 55,292 | 51,656 | 60,589 | 57,633 | 55,515 | 51,821 | 60,589 | 57,633 |
| EXPENSES | | | | | | | | |
| Employee costs | 25,775 | 24,458 | 24,370 | 26,241 | 25,775 | 24,458 | 24,370 | 26,241 |
| Materials & contracts | 16,268 | 14,290 | 15,590 | 13,022 | 16,268 | 14,290 | 15,590 | 13,022 |
| Utility payment | 1,927 | 2,913 | 1,809 | 1,897 | 1,927 | 2,913 | 1,809 | 1,897 |
| Depreciation | - | - | - | - | 7,833 | 7,000 | 3,998 | 6,800 |
| Consultants | 1,910 | 1,203 | 1,108 | 1,242 | 1,910 | 1,203 | 1,521 | 1,242 |
| Debt servicing cost | 5 | - | 571 | 915 | 5 | - | 571 | 915 |
| Other expenses | 9,678 | 9,977 | 14,400 | 7,935 | 11,178 | 9,977 | 15,487 | 7,935 |
| Total Expenses | 55,563 | 52,841 | 57,848 | 51,252 | 64,896 | 59,841 | 63,346 | 58,052 |
| Abnormal income | | | | | | | | |
| - gain on disposal of assets | - | - | - | - | - | - | 1,370 | 500 |
| - parking infringement debtors | 9,539 | - | - | - | 9,539 | - | - | - |
| Abnormal expenditure | | | | | | | | |
| - aquatic centre contribution | - | - | - | - | - | - | (1,000) | - |
| - long service leave provision | - | - | (197) | - | - | - | (197) | - |
| - staff redundancies | (1,246) | - | (2,724) | - | (1,246) | - | (2,724) | - |
| - asset write offs | - | - | - | - | (1,441) | - | - | - |
| - doubtful debts parking infringements | (8,564) | - | - | - | (8,564) | - | - | - |
| - unfunded superannuation liability | - | - | - | - | (13,380) | - | - | - |
| Extraordinary income | | | | | | | | |
| - sale of share of Citipower | - | - | 18,105 | - | - | - | 18,105 | - |
| Surplus (deficit) after abnormal & extraordinary items | (542) | (1,185) | 17,925 | 6,381 | (24,473) | (8,020) | 12,797 | 81 |
| Capital expenditure | (10,617) | (13,043) | (8,561) | (11,000) | | | | |
| Proceeds from disposal of assets | 1,219 | 1,836 | 6,121 | 4,750 | | | | |
| Aquatic centre contribution | (1,500) | (1,500) | (1,500) | (1,500) | | | | |
| Reserve transfers (net) | 2,175 | 3,542 | (2,970) | 3,596 | | | | |
| Loan Redemption | - | - | (10,395) | (2,227) | | | | |
| Surplus (deficit) | (9,265) | (10,300) | 620 | - | | | | |
| Accumulated surplus brought forward | 10,626 | 10,300 | 10,006 | 10,000 | | | | |
| Accumulated surplus as at 30 June | 1,361 | - | 10,626 | 10,000 | | | | |

NOTES TO THE ACCOUNTS

2.2 REVENUE, EXPENSES AND ASSETS BY FUNCTIONS/ACTIVITIES

| | CEO | | Operations | | Community Planning | | Organisational Development | | Corporate | | Other* Not Attributed | | Total | |
|--|--------------|--------------|----------------|----------------|--------------------|---------------|----------------------------|--------------|---------------|---------------|-----------------------|---------------|----------------|----------------|
| | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 |
| | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 |
| EXPENSES | 341 | 362 | 37,910 | 38,326 | 8,781 | 2,679 | 1,078 | 1,762 | 16,786 | 20,217 | - | - | 64,896 | 63,346 |
| REVENUES | | | | | | | | | | | | | | |
| Grants | - | - | 4,336 | 5,551 | 2,832 | 304 | - | - | 3,140 | 2,663 | - | - | 10,308 | 8,518 |
| Other | 1 | 18 | 16,140 | 14,246 | 1,392 | 352 | - | 23 | 3,935 | 3,785 | 23,739 | 33,647 | 45,207 | 52,071 |
| Total | 1 | 18 | 20,476 | 19,797 | 4,224 | 656 | - | 23 | 7,075 | 6,448 | 23,739 | 33,647 | 55,515 | 60,589 |
| ABNORMAL ITEMS | - | - | 1,246 | - | - | - | - | - | 13,846 | 2,551 | - | - | 15,092 | 2,551 |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | (340) | (344) | (18,680) | (18,529) | (4,557) | (2,023) | (1,078) | (1,739) | (23,557) | (16,320) | 23,739 | 33,647 | (24,473) | (5,308) |
| ASSETS | 1,184 | 1,492 | 382,385 | 157,960 | 11,838 | 11,041 | 7,270 | 7,262 | 76,097 | 77,143 | 25,807 | 37,838 | 504,581 | 292,736 |

*General rates and current assets have not been attributed to functions

ACTIVITIES

CEO

The office of the Chief Executive Officer

OPERATIONS

Provision of service delivery for activities including, aged and disability, family, children and youth, health and environmental, libraries, traffic management, parks, planning and building, recreation, arts and events and road services.

COMMUNITY PLANNING

Provision of contract management services and strategic planning for Council's service delivery activities.

ORGANISATIONAL DEVELOPMENT

Responsible for communications, employee relations and development and human resource operations.

CORPORATE

Responsible for finance, information systems, asset and property management and corporate support and development.

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|----------|---|------------------|
| 3 | GAIN ON DISPOSAL OF NON CURRENT ASSETS | |
| | 1,219 | 6,121 |
| | (996) | (4,751) |
| | 223 | 1,370 |
| | Gain on disposal of non current assets was treated as an abnormal item in the 1995 - 1996 financial year. | |
| 4 | DEPRECIATION | |
| | Depreciation for the period was charged in respect of: | |
| | Infrastructure assets | |
| | - roads, streets and bridges | 2,230 47 |
| | - land improvement | 1,718 166 |
| | - drainage works | 391 257 |
| | Buildings | 929 833 |
| | Other plant and equipment | |
| | - plant and machinery | 721 1,146 |
| | - furniture and equipment | 1,809 1,549 |
| | - heritage and works of art | 35 - |
| | 7,833 | 3,998 |
| 5 | OTHER EXPENSES | |
| | Advertising | 852 853 |
| | Completed capital projects less than \$50,000 | - 1,068 |
| | Contribution - aquatic centre | 1,500 1,500 |
| | Contributions - other | 873 928 |
| | Insurance | 1018 848 |
| | Metropolitan Fire Brigades levy | 968 1,025 |
| | Printing and stationary | 705 490 |
| | Telephone charges | 649 648 |
| | Training | 360 283 |
| | Other | 4,253 7,844 |
| | 11,178 | 15,487 |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|--|----------------|----------------|
| 6 ABNORMAL ITEMS | | |
| Gain on disposal of non current assets | - | (1,370) |
| Write back of 1994 -1995 aquatic centre contribution. Change in accounting policy determined that contributions are to be treated as operating expenditure and not be capitalised. | - | 1,000 |
| Increase in long service leave provision. First period where long service leave had been accrued for employees with more than 5 years but less than 10 years service. | - | 197 |
| Staff redundancies | 1,246 | 2,724 |
| Asset write offs. Land and building assets identified as no longer being controlled by the Council. | 1,441 | - |
| Initial recognition of unfunded superannuation liability. | 13,380 | - |
| Income parking infringement debtors, represents the initial recognition of a debtor for parking infringement notices. | (9,539) | - |
| Doubtful debts expense parking infringement notices. Represents the initial recognition of a provision for doubtful debts for parking infringement notices. | 8,564 | - |
| | 15,092 | 2,551 |
| 7 EXTRAORDINARY INCOME ITEMS | | |
| The Council had a share of Citipower which was sold to foreign interests. The Council's share of the asset was not disclosed previously in the Statement of Financial Position. The sale resulted in the disclosed extraordinary income. | - | 18,105 |
| 8 CURRENT ASSETS - CASH | | |
| Cash on hand | 7 | 8 |
| Cash at bank - unrestricted | - | 106 |
| | 7 | 114 |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|----|--|----------------|
| 9 | CURRENT ASSETS - RECEIVABLES | |
| | 1,629 | 7,097 |
| | Rates debtors | |
| | 1,277 | - |
| | Parking infringement debtors | |
| | (397) | - |
| | Less : Provision for doubtful debts* | |
| | 880 | - |
| | Parking infringement debtors at PERIN Court ** | |
| | 8,262 | - |
| | Less : Provisions for doubtful debts | |
| | (8,167) | - |
| | 95 | - |
| | Other receivables | |
| | 2,055 | 849 |
| | Less : Provision for doubtful debts | |
| | (116) | (100) |
| | 1,939 | 749 |
| | 4,543 | 7,846 |
| | <p>* The provision for parking infringement doubtful debts is calculated as a percentage of total parking infringement revenue and has been evaluated and recognised based on previous payment and collection history. It is estimated that \$7.0 million of the parking infringement debtors at PERIN Court have been outstanding for over 12 months.</p> <p>** The amount outstanding at PERIN Court includes outstanding penalties of \$3.2 million and agency costs of \$5.1 million</p> | |
| 10 | CURRENT ASSETS - INVESTMENTS | |
| | 20,274 | 27,980 |
| | Bank bills and cash | |
| | The following restriction has been imposed by Regulations or other externally imposed requirements: | |
| | 1,193 | 1,193 |
| | Car parking contributions - current investment | |
| | 1,717 | 1,410 |
| | Resort and recreation - current investment | |
| | 194 | 194 |
| | Sale of laneways - current Investment | |
| 11 | CURRENT ASSETS - INVENTORIES | |
| | - | 52 |
| | Inventories | |
| 12 | CURRENT ASSETS - OTHER | |
| | 576 | 203 |
| | Prepayments | |
| | 407 | 1,643 |
| | Accrued income | |
| | 983 | 1,846 |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|----|--|----------------|
| 13 | CURRENT LIABILITIES - BANK OVERDRAFT | |
| | Bank overdraft | 645 |
| | | 1,321 |
| | The bank overdraft is secured over the general rates of the Council. | |
| 14 | CURRENT LIABILITIES - CREDITORS | |
| | Trade creditors | 3,766 |
| | Trust funds | 242 |
| | Accruals | 4,713 |
| | | 8,721 |
| | | 8,820 |
| 15 | CURRENT LIABILITIES - PROVISIONS | |
| | Annual leave | 1,936 |
| | Rostered days off | 79 |
| | Retirement gratuity | 778 |
| | Long service leave | 330 |
| | Unfunded superannuation liability | 900 |
| | | 4,023 |
| | | 3,047 |
| 16 | NON CURRENT LIABILITIES - PROVISIONS | |
| | Long service leave | 1,871 |
| | Unfunded superannuation liability | 12,479 |
| | | 14,350 |
| | | 1,719 |
| 17 | NON CURRENT LIABILITIES - BORROWINGS | |
| | Loans - secured | 90 |
| | | 90 |
| | The loan is secured over the general rates of the Council. | |
| 18 | NON CURRENT LIABILITIES - OTHER LIABILITIES | |
| | Trust funds | 382 |
| | | 425 |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|------|-----------------------------------|----------------|
| 19 | PROPERTY PLANT & EQUIPMENT | |
| 19.1 | INFRASTRUCTURE ASSETS | |
| | Roads, streets and bridges | |
| | | 9,002 |
| | | - |
| | 156,761 | - |
| | (2,230) | (143) |
| | 154,531 | 8,859 |
| | Land improvements | |
| | 1,591 | 6,628 |
| | 49,516 | - |
| | (1,799) | (338) |
| | 49,308 | 6,290 |
| | Drainage works | |
| | | 2,712 |
| | | 23,085 |
| | 39,088 | - |
| | (391) | (15,304) |
| | 38,697 | 10,493 |
| 19.2 | LAND AND BUILDINGS | |
| | Land | |
| | 520 | 230 |
| | 149,172 | 149,650 |
| | 149,692 | 149,880 |
| | Buildings | |
| | 676 | - |
| | 89,825 | 91,120 |
| | (22,906) | (22,321) |
| | 67,595 | 68,799 |
| 19.3 | OTHER PLANT AND EQUIPMENT | |
| | Plant and machinery | |
| | 1,869 | 8,155 |
| | 2,968 | - |
| | (721) | (4,204) |
| | 4,116 | 3,951 |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|--|----------------|----------------|
| Furniture and equipment | | |
| Furniture and equipment at cost | 2,600 | 12,163 |
| Furniture and equipment at current cost as at 1 July 1996* | 6,111 | - |
| Less: Accumulated depreciation | (1,658) | (6,158) |
| | 7,053 | 6,005 |
| Heritage and works of art | | |
| Heritage and works of art at cost | - | 621 |
| Heritage and works of art at current cost as at 1 July 1996* | 3,466 | - |
| Less: Accumulated depreciation | (35) | - |
| | 3,431 | 621 |
| 19.4 Capital works in progress at cost | 4,351 | - |
| TOTAL PROPERTY, PLANT & EQUIPMENT | 478,774 | 254,898 |

* Current cost valuations were undertaken by:

- Infrastructure - Mr J Ghosh, Grad Dip Mun Eng: Post Grad Bus. Mgt: MIE Aust. CP Eng.: IMEA
- Land & buildings - Mr B McKeon, A.A.I.L.E.V, Manager Assets & Valuations
- Plant and machinery & furniture and equipment - Mr J Singleton FVLE (P&M) FSVA
- Heritage and works of art - due to the diversity of assets within the assets category a large number of qualified valuers were engaged.

Refer to Note 1.6 'Property plant and equipment' for details on the Council's valuation policy for each asset category.

20 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO CHANGE IN NET ASSETS ARISING FROM OPERATIONS

| | | |
|--|----------------|--------------|
| Increase (decrease) in net assets from operations after abnormal and extraordinary items | (24,473) | 12,797 |
| Depreciation | 7,833 | 3,998 |
| Other adjustments - aquatic centre | - | 1,000 |
| Government grants | (10,309) | (8,518) |
| Gain on asset sales | (223) | (1,370) |
| Asset write off | 1,441 | - |
| Changes in assets and liabilities: | | |
| Decrease (increase) in rate debtors | 5,468 | (1,088) |
| Increase in parking infringement debtors | (975) | - |
| Increase in other receivables | (1,190) | (91) |
| Decrease in inventories | 52 | 61 |
| Decrease in other current assets | 863 | - |
| Decrease in creditors | (99) | (514) |
| Increase in other employee provisions | 228 | 384 |
| Increase in unfunded superannuation liability | 13,379 | - |
| Increase (decrease) other liabilities | (43) | 12 |
| Net cash provided by operating activities | (8,048) | 6,671 |

NOTES TO THE ACCOUNTS

1997 1996
\$,000 \$,000

RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash includes cash on hand and at banks, net of outstanding bank overdrafts. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | | |
|----------------|-------|---------|
| Cash | 7 | 114 |
| Bank Overdraft | (645) | (1,321) |
| | (638) | (1,207) |

21 COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

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

| | | |
|-------------------------------|-------|-------|
| Aquatic centre contribution | | 1,500 |
| Property, plant and equipment | 3,630 | 775 |
| Provision of Council services | 3,048 | |
| | 6,678 | 2,275 |

These expenditures are due for payment:

| | | |
|--|-------|-------|
| Not later than one year | 5,121 | 2,275 |
| Later than one year and not later than two years | 1,287 | - |
| Later than two years and not later than five years | 270 | - |
| | 6,678 | 2,275 |

22 OPERATING LEASE COMMITMENTS

At the reporting date, the municipality had the following obligations under non-cancellable operating leases (these obligations are not recognised as liabilities):

| | | |
|--|-----|-----|
| Not later than one year | 177 | 269 |
| Later than one year and not later than two years | 88 | 112 |
| Later than two years and not later than five years | 92 | - |
| | 357 | 381 |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|------|---|---|
| 23 | CONTINGENT LIABILITIES AND ASSETS | |
| 23.1 | CONTINGENT LIABILITIES | |
| | Details and estimates of contingent liabilities for which no provision is included in the accounts, are as follows: | |
| | RATE EXEMPTION | |
| | | An appeal is before the courts regarding a rate exemption by a ratepayer. The Council is defending the action. Initial advice indicates it is unlikely that any significant liability will arise. |
| | - | 150 |
| | REFUND | |
| | | A potential claim against Council exists in connection with rate payments made on a property that under federal legislation was non rateable. No request for repayment has been made up to the date of this report. |
| | 1,100 | - |
| | CONTAMINATION | |
| | | A potential liability exists for the clean up and removal of contaminated soil on a property sold by Council. The level of contamination is being assessed. If the action proceeds the Council is optimistic of being able to recover its costs from a third party. |
| | 100 | - |
| 23.2 | CONTINGENT ASSETS | |
| | | Council has paid a deposit for the aquisition of the Regal Hotel. The finalisation of the purchase is contingent on receiving additional funding for Community Housing from the State Government. The deposit (\$0.1 million) has been recorded as a sundry debtor and the balance of the potential purchase (\$1.0 million) has been recognised as a capital commitment) |
| | 1,035 | - |
| 24 | SUPERANNUATION | |
| | In accordance with statutory requirements, the Council makes employer superannuation contributions in respect of its employees to either the Local Authorities Superannuation Board (LASB) superannuation fund, being either the defined benefits fund or the accumulation fund (known as LASPLAN). | |
| | The accumulation type fund receive both employer and employee contributions on a progressive basis. No further liability accrues to Council as the superannuation benefits accruing to employees are represented by their share of the assets of the fund. | |
| | The Council makes employer contributions to the LASB defined benefits fund in accordance with rates determined by the Board. In addition, employees make member contributions to the fund. As such, assets accumulate in the fund to meet member benefits, defined by legislation, as they accrue. In prior years, the actuary of the fund determined that the net assets of the fund were not sufficient to meet the accrued benefits of defined benefits fund members (referred to as the unfunded superannuation liability). | |
| | A full actuarial assessment of the Fund was undertaken by the LASB's actuary CJ Haberecht FIA, FIAA, of Towers Perrin, as at 30 June 1997 on the basis that the liability for accrued benefits was determined by reference to expected future salary levels and by application of a market-based risk adjusted discount rate and relevant actuarial assumptions. | |
| | Accordingly, the total liability for unfunded superannuation of \$13.4 million as at 30 June 1997 comprises the LASB advised liability (\$11.4 million) and the Commonwealth Superannuation Contribution tax (\$2.0 million). In addition to the Council's normal contribution to the fund at the rate of 9.25% of employee salaries, the Council will be making additional annual superannuation payments that will see the liability acquitted over a period of 15 years. | |
| | The amount of superannuation contributions paid by the City of Port Phillip during the reporting period was \$2.2 million (30 June 1996: \$2.1 million). | |

NOTES TO THE ACCOUNTS

| | 1997 \$,000 | 1996 \$,000 |
|--|----------------|----------------|
| 25 RESERVES | | |
| 25.1 ASSET REVALUATION RESERVE | | |
| Balance at start of year | 131,816 | 131,816 |
| Revaluation of plant and equipment and furniture and fittings | 267 | - |
| Balance at end of year | 132,083 | 131,816 |
| 25.2 GENERAL RESERVE | | |
| Balance at start of year | 10,809 | 6,834 |
| Transferred from accumulated surplus re balance of Citipower funds | - | 8,153 |
| Transferred to accumulated surplus | (2,482) | (4,178) |
| Balance at end of year | 8,327 | 10,809 |
| 25.3 STATUTORY RESERVES | | |
| RESORT AND RECREATION RESERVE | | |
| Balance at start of year | 1,410 | 2,323 |
| Transferred from accumulated surplus re developer contributions | 392 | 374 |
| Transferred to accumulated surplus re recreation projects | (85) | (1,287) |
| Balance at end of year | 1,717 | 1,410 |
| CONTRIBUTIONS FOR CAR PARKING RESERVE | | |
| Balance at start of year | 1,193 | 1,150 |
| Transferred from accumulated surplus re developer contributions | - | 43 |
| Balance at end of year | 1,193 | 1,193 |
| SALE OF LANEWAYS RESERVE | | |
| Balance at start of year | 194 | 329 |
| Transferred to accumulated surplus re construction works | - | (135) |
| Balance at end of year | 194 | 194 |
| STATUTORY RESERVE TOTAL | 3,104 | 2,797 |
| TOTAL RESERVES | 143,514 | 145,422 |

NOTES TO THE ACCOUNTS

| | 1997 | 1996 |
|---|-------------------------------------|-----------|
| 26 PERFORMANCE INDICATORS | | |
| 26.1 DEBT SERVICING RATIO | | |
| Purpose - Identifies the capacity to service outstanding debt. | | |
| | <u>Debt servicing costs</u> | |
| | Total revenue | 0.01% |
| | | 0.94% |
| A loan redemption program was undertaken in the 1995 - 1996 financial year. Outstanding debt as at 30 June 1997 amounts to \$90,000. | | |
| 26.2 DEBT COMMITMENT RATIO | | |
| Purpose - Identifies debt redemption strategy. | | |
| | <u>Total debt commitment</u> | |
| | (Debt services and debt redemption) | |
| | Rate revenue | 0.02% |
| | | 32.59% |
| A loan redemption program was undertaken in the 1995 - 1996 financial year. Outstanding debt as at 30 June 1997 amounts to \$90,000. | | |
| 26.3 RATE REVENUE TO TOTAL REVENUE | | |
| Purpose - Identifies dependence upon rates. | | |
| | <u>Rate revenue</u> | |
| | Total revenue | 42.76% |
| | | 55.53% |
| (This means that 42.76% of total revenue is earned from rates.) | | |
| 26.4 TOTAL INDEBTEDNESS TO REALISABLE ASSETS | | |
| Purpose - Identifies exposure to debt. | | |
| | <u>Total indebtedness</u> | |
| | Realisable assets | 1 : 9.08 |
| | | 1 : 17.00 |
| (This means that for every dollar of total liabilities, the Council controls \$9.08 of realisable assets.) | | |
| 26.5 WORKING CAPITAL RATIO | | |
| Purpose - Identifies ability to meet current commitments | | |
| | <u>Current assets</u> | |
| | Current liabilities | 1.93 : 1 |
| | | 2.87 : 1 |
| (This means that for every dollar of current liabilities, Council has \$1.93 of current assets.) | | |

DEFINITIONS

Current assets:

Total current assets as shown in the Statement of Financial Position.

Current liabilities:

Total current liabilities as shown in the Statement of Financial Position.

Debt redemption:

Includes the principal component of loan repayments and financial leases and capital items purchased on vendor terms.

Debt services:

Includes interest and charges on loans, overdrafts, financial leases and interest on payments for capital items purchased on vendor terms, and contributions to sinking funds.

Rate revenue:

Includes revenue from general rates, municipal charges, special rates, special charges, service rates and service charges.

Total revenue:

Total revenue as shown in the Operating Statement.

Total indebtedness:

Total liabilities, both current and non-current, as shown in the Statement of Financial Position.

Realisable assets:

Includes total current assets and total non current assets, excluding those assets which cannot be sold and those assets subject to restrictions. The following assets have been removed from total assets when calculating realisable assets: Restricted assets and infrastructure assets.

NOTES TO THE ACCOUNTS

1997
\$000

27 RESPONSIBLE PERSONS REMUNERATION

Income received or due and receivable by responsible persons.

314

The number of responsible persons of the Council as at 30 June 1997 included in these figures are shown below in their relevant income bands:

| Remuneration between | Number |
|----------------------|--------|
| \$10,000 - \$19,999 | 6 |
| \$60,000 - \$69,999 | 1 |
| \$70,000 - \$79,999 | 1 |

28 SENIOR OFFICERS REMUNERATION

Income received or due and receivable by senior officers whose income is more than \$70,000.

The number of senior officers whose income is more than \$70,000 are shown below in their relevant income bands.

| Remuneration between | Number |
|-----------------------|--------|
| \$70,000 - \$79,999 | 11 |
| \$80,000 - \$89,999 | 9 |
| \$90,000 - \$99,999 | 2 |
| \$100,000 - \$109,999 | 2 |
| \$110,000 - \$119,999 | 2 |
| \$120,000 - \$129,999 | 1 |
| \$130,000 - \$139,999 | 1 |

29 RELATED PARTIES DISCLOSURE

RESPONSIBLE PERSONS

Persons who held office as a Councillor of the City of Port Phillip at any time during the year ended 30 June 1997 are as follows: P Brown, F Erlich, D Gross, C Haag, L Johnstone, L Stamer and L Thompson.

Persons who held office as the Chief Executive Officer or acting Chief Executive Officer of the City of Port Phillip at any time during the year were A Dunn, D Graham, J Hickman and D Spokes.

RESPONSIBLE PERSONS REMUNERATION

Information on the remuneration of responsible persons is disclosed in Note 27.

LOANS TO RESPONSIBLE PERSONS

There were no loans to responsible persons at 30 June 1997.

RETIREMENT BENEFITS

Retirement benefits paid by Council in connection with the retirement of responsible persons during the reporting period amounted to \$2,400.


OTHER TRANSACTIONS OF RESPONSIBLE PERSONS AND THEIR RELATED PARTIES

There were no other transactions between responsible persons and their related parties and the City of Port Phillip during the 1996-1997 financial year.

CERTIFICATION OF FINANCIAL STATEMENTS

"In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, The Local Government Regulations 1990, Australian Accounting Standards and mandatory professional reporting requirements."

Principal Accounting Officer:



**DAVID GRAHAM,
PRINCIPAL ACCOUNTING OFFICER**

Dated: 8 September 1997 St Kilda

"In our opinion the accompanying financial statements present fairly the financial transactions of the City of Port Phillip Council for the year ended 30 June 1997 and the financial position of the Council as of that date.

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

Councillors:



MAYOR

Dated: 8 September 1997 St Kilda



COUNCILLOR

Dated: 8 September 1997 St Kilda



**VICTORIAN
AUDITOR-
GENERAL'S
OFFICE**

*Auditing in the
Public Interest*

AUDITOR-GENERAL'S REPORT

AUDIT SCOPE

The accompanying financial statements of the Port Phillip City Council for the year ended 30 June 1997, comprising an operating statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, have been audited. The Councillors of the Council are responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on them as required by the Audit Act 1994.

The Audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The audit procedures include an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the Local Government Act 1989, so as to present a view which is consistent with my understanding of the financial position of the Port Phillip City Council and the results of its operations and its cash flows.

The audit opinion on the financial statements has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial statements present fairly the financial position of the Port Phillip City Council as at 30 June 1997 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the Local Government Act 1989.

C.A. BARAGWANATH
Auditor-General

Dated: 7 October 1997 Melbourne



**VICTORIAN
AUDITOR-
GENERAL'S
OFFICE**

*Auditing in the
Public Interest*

AUDITOR-GENERAL'S REPORT ON THE COMPETITIVE TENDERING STATEMENT

AUDIT SCOPE

The Port Phillip City Council's competitive tendering statement for the year ended 30 June 1997 has been audited. The Councillors of the Council are responsible for the preparation and presentation of the statement and the information contained therein. An independent audit of the statement has been carried out in order to express an opinion on the statement as required by the Local Government Act 1989.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the competitive tendering statement is free of material misstatement and whether proper records, a register and documents have been maintained by the Port Phillip City Council. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the statement, after having obtained all the information and explanations required to undertake the audit. These procedures have been undertaken to form an opinion as to whether, in all material respects, the competitive tendering statement is presented fairly in accordance with Local Government Act 1989, and proper records, a register and documents have been kept as required by that Act.

The audit opinion expressed on the competitive tendering has been formed on the above basis.

AUDIT OPINION

In my opinion:

- (a) the competitive tendering statement presents fairly the results of the Port Phillip City Council's competitive tendering arrangements for the year ended 30 June 1997 in accordance with the Local Government Act 1989; and
- (b) proper records, a register and documents have been kept as required by that Act.

C.A. BARAGWANATH
Auditor-General

Dated: 7 October 1997 Melbourne

ADDRESSES AND PHONE NUMBERS OF COUNCIL OFFICES

St Kilda Town Hall

Cnr of Carlisle Street & Brighton Rd, St Kilda Vic 3182
Telephone 03 9209 6666

Hours

8.15am to 5.15pm Monday, Wednesday, Thursday and
Friday and 8.15am to 6.00pm on Tuesday

Services Provided

Reception/switchboard
Information regarding councils services
Payment of rates and fines
Lodgment of requests for service and complaints
Rates, valuations, aged and children's services

South Melbourne Town Hall

208 Bank Street, South Melbourne Vic 3205
Telephone 03 9209 6666

Hours

8.15am to 5.15pm Monday, Wednesday, Thursday and
Friday and 8.15 am to 6.00 pm on Tuesday

Services Provided

Reception
Information regarding councils services
Payment of rates and fines
Lodgment of requests for service and complaints
Planning, building, parking, traffic and road matters, local
laws, environmental health and human services

Port Melbourne Town Hall

333 Bay Street, Port Melbourne Vic 3207
Telephone 03 9209 6666

Hours

8.30am to 5.00pm every week day

Services Provided

Reception
Information regarding councils services
Payment of rates and fines
Lodgment of requests for service and complaints
Human services for the Port Melbourne area

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