

FINANCIAL REPORT

Plain English Guide to the Financial Statements

The annual report includes Standard Statements and Financial Report for the Port Phillip City Council for the year ended 30 June 2005. These statements have been prepared in accordance with Australian Accounting Standards, the Local Government Act, Local Government Regulations, and other mandatory reporting requirements.

Introduction

This introduction has been prepared to assist the readers' understanding of the Standard Statements and Financial Report and provide readers with a summary of the circumstances and issues that have had a significant impact on those statements.

The financial report is a key component of the City of Port Phillip's Annual Report. It demonstrates how the Council performed financially during the 2004/2005 financial year (Statement of Financial Performance or Profit and Loss) and summarises its overall position at the end of the financial year, 30 June 2005 (Statement of Financial Position or Balance Sheet).

The Council reports on its financial performance in accordance with the Australian Accounting Standards. Readers may not be familiar with some of the terminology used. The Council is a 'not for profit' organisation and a number of the generally recognised terms used in public company reports are not appropriate for the Council.

As part of its commitment to accountability, the Port Phillip City Council has developed this Plain English Guide to assist readers with their understanding of the Council's financial information.

What are Standard Statements?

The Local Government Act 1989 as amended by the Local Government (Democratic Reform) Act 2003, now requires councils to include Standard Statements in each of their three key planning and reporting documents produced each year being the Council Plan, Budget, and Annual Report. A complete suite of Standard Statements have been prepared this year (Standard Statement of Financial Performance, Standard Statement of Cash Flows, Standard Statement of Financial Performance, and Standard

Statement of Capital Works) as required by this legislation and they have been audited as part of the annual external audit process.

The objective of the Standard Statements is to provide clear linkages and compatibility between the financial information contained in the three key planning and reporting documents produced each year; the Strategic Resource Plan, the Budget, and the Annual Report. These statements have been presented in a consistent format with an emphasis on comparing actual results with planned financial performance (budget). Explanations for variations greater than 10% and other large absolute variances have been provided in the Notes to the Standard Statements.

What is contained in the Annual Financial Reports?

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

There are four Statements and forty-one Notes.

The four Statements are the:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Changes in Equity; and
- Statement of Cash Flows.

The Notes to the Report detail the Council's accounting policies and the breakdown of values contained in the Statements.

The Financial Report is prepared by council staff, reviewed by the Manager, Finance and Investments, and then presented to the Auditor-General for Audit.

Statement of Financial Performance

The Statement of Financial Performance presents:

- The sources of the Council's **Revenue** under various income headings, and
- The **Expenses** incurred in running the Council during the year.

The key figure to look at is the Result from ordinary activities, which is equivalent to the profit or (loss) of the Council for the year.

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A positive result (no brackets) means that the revenue is greater than the expenses.

Statement of Financial Position

This Statement is the current name for the Balance Sheet, just like those presented in a company report. This one page summary is a snapshot of the financial situation as at 30 June. It shows what the Council owns as **Assets** and what it owes as **Liabilities**. The 'bottom line' of this Statement is the Net **Assets**. This is the net worth of Council, which has been built up over many years.

The assets and liabilities are separated into *Current* and *Non-current*. Current means those assets or liabilities, which are realisable, or have to be paid, within the next 12 months.

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

Current and Non-Current Assets

- **Cash** includes cash other financial assets, i.e.: cash on hand, cash held in the bank and the market value of the Council's investments.
- **Receivables** are monies owed to the Council for rates, parking, fines, GST refund and other services provided by the Council.
- **Accrued Income** represents income due to the Council, but not yet paid or billed. Prepayments are accounts that have been paid in advance by the Council.
- **Property, Infrastructure, Plant and Equipment** are the largest components of the Council's worth and represent the value of all the land, buildings, roads, drainage, equipment etc. which have been purchased by, or contributed to the Council over many years. It also includes those assets, which the Council does not own but has significant control over, and responsibility for, such as foreshore pavilions.

Current and Non-Current Liabilities

- **Payables** are those to whom the Council owes money as at 30 June.
- **Trust Funds** represents monies held in Trust by the Council.
- **Employee** benefits is accrued Long Service and Annual Leave entitlements.
- **Interest Bearing Liabilities** are the borrowings taken out by the Council.

Net Assets

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

Total Equity

This is the term used to describe the components of Net Assets. These components are Reserves, which include:

- **Accumulated Surplus** is the value of all net assets accumulated over time.
- **Asset Revaluation Reserve** is the difference between the previously recorded value of assets and their current valuations.
- **General Reserves** are allocations of the Accumulated Surplus to specific projects.

Statement of Changes in Equity

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

The main reasons for a change in equity stem from:

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

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Statement of Cash Flows

The Statement of Cash Flows summarises the Council's cash payments and cash receipts for the year. The values differ from those shown in the Statement of Financial Performance due to the requirement to include GST (which is not a cost to the Council as it is recovered from the ATO), and because it is prepared on a cash basis not an accrual basis.

Cash in this Statement refers to Bank Deposits and other forms of highly liquid investments that can readily be converted to cash.

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

Operating Activities

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

Investing Activities

- Investing Activities relates to assets such as new capital plant and other long term revenue-producing assets.

Financing Activities

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

This statement provides the reader with an indication of the Council's liquidity and its capacity to pay its debts and other liabilities.

Notes to the Accounts

The Notes are a very important and informative section of the report. They enable the reader to understand the basis upon which the values shown in the Statements are established and are necessary to provide details of the Council's accounting policies.

These are described in **Note 1**.

In addition to providing details of accounting policies, the Notes also give details behind many of the summary figures contained in the Statements. The Note cross references are shown beside the relevant items in the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, and the Statement of Cash Flows.

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

Other Notes include:

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

The Notes should be read at the same time as, and together with, the other parts of the Financial Statements to get a clear picture of the accounts.

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Statements by Principal Accounting Officer and Councillors

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

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

Auditor General's Report

The Independent Audit Report is the external and independent opinion on the Financial Statements.

It provides the reader with a totally independent opinion on the Financial Statements. The opinion covers both the statutory and professional requirements and also the fairness aspects of the Financial Statements.

Financial Performance

Port Phillip City Council has reported as a result from ordinary activities a \$5.281 million surplus in 2004/2005 (2003/2004 - \$33.041 million surplus).

The main reason for this significant change is that the 2003/2004 results included a revenue item of \$27.488 million being assets recognised for the first time. After normalising the comparatives for this, the Councils' surplus has reduced by \$272,000 year on year. It also needs to be noted that there has been a change in the basis of accounting for Council's interest in the Streetsahead joint venture in 2004/2005. In 2004/2005 Council will consolidate the results of the joint venture into its accounts and while this change in policy will have no effect on Council's net equity position, it will give rise to increases in a number of expense line items especially employee benefits which have been offset by a reduction in the contract payments expense.

The major factors that have underpinned the City's financial performance in 2004/2005 are:

Rate Revenue

Rate revenue has increased from \$56.087 million to \$58.696 million.

Included in rate revenue is \$919,000 derived during the year from supplementary valuation assessments issued as a result of adjusting the property valuations to reflect physical changes made to them.

Parking Fees and Fines

Income from parking fees and fines has increased by \$953,000 from \$18.622 million to \$19.575 million. This increase is due to additional income from parking fines and related charges (\$573,000) and an increase of \$332,000 in parking fee income.

This has been partially offset by an increase of \$284,000 in the amount expensed to bad and doubtful debts.

Other Revenue Items (User Charges, Grants, Contributions, Other revenue and Interest)

All of the other revenue items included in Council's Statement of Financial Performance have reflected small increases that are in line with inflation. The one exception being developer contributions that have grown by some 6% to \$2.512 million largely as a result of a number of major developments coming on stream early in the financial year.

Employee Expenses

There has been an increase of \$3.515 million in employee expenses from \$34.435 million to \$37.950 million.

The following factors are behind this increase:

- The impact of incorporating the Streetsahead joint venture into Council's accounts has accounted for \$1.897 million of this increase;
- The salary increases paid during the year to staff as a result of the Enterprise Bargaining Agreement and the impact of banding movements - \$1,500,000; and
- An increase in the employee provisions for annual leave and long service leave liabilities - \$409,000. This increase is partly related to the inclusion of the Streetsahead joint venture in Council's accounts.

Non-Labour Operating Expenditure (Professional Services, Utility Payments, Other Expenses, and Contract Payments/Materials)

Non-Labour Operating Expenditure has increased by \$1.596 million from \$50.862 million in 2003/2004 to \$52.458 million.

While the overall change of 3.1% is in line with current movements in the CPI which is the main driver for increases in contract payments there have been a number of notable year on year changes in expenditure:

- An increase of \$264,000 in election expenses due to the municipal election.
- An increase of \$138,000 in food production costs which reflects the new contract for Council's delivered meals service.
- A reduction of \$327,000 in PERIN lodgement fees that represents the increased use of pro-active collection and the corresponding reduction in the number of infringements referred to PERIN for collection.
- A reduction of \$227,000 in valuation expenses due to 2005 not being a municipal revaluation year.
- An increase of \$143,000 in the Metropolitan Fire Brigade levy.
- An increase of \$643,000 in operating lease expenses largely as a result of the incorporation of Streetsahead.
- A reduction of \$2.507 Million in contract costs for cleaning due to the incorporation of Streetsahead.

Non-Current Assets

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

A fair value assessment of Council's drainage assets has resulted in an increased valuation to \$53.665 million (2004 - \$40.348 million).

Included in the Non-Current Deferred Debtors, is an amount of \$2.56 million, which is the amount due from Inkerman Developments that relates to the outstanding units that are due to the Council from the developer in the Oasis development. Completion of these units is expected in the 2006/2007 financial year.

Current Assets and Liabilities

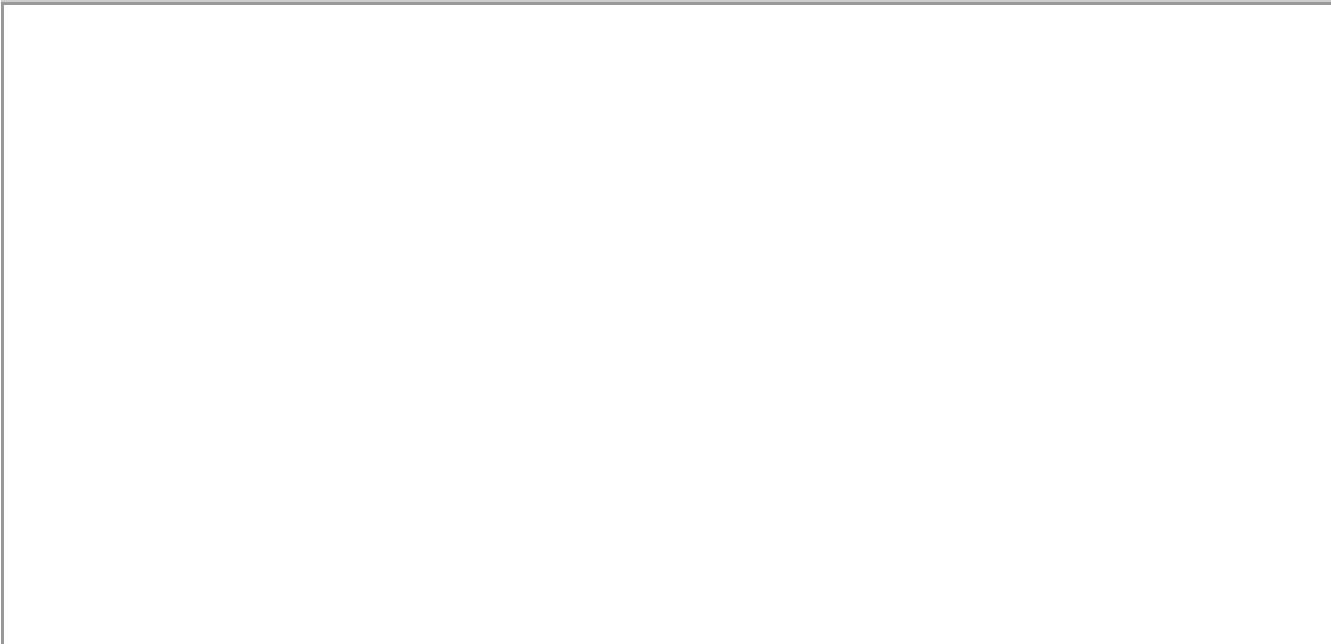
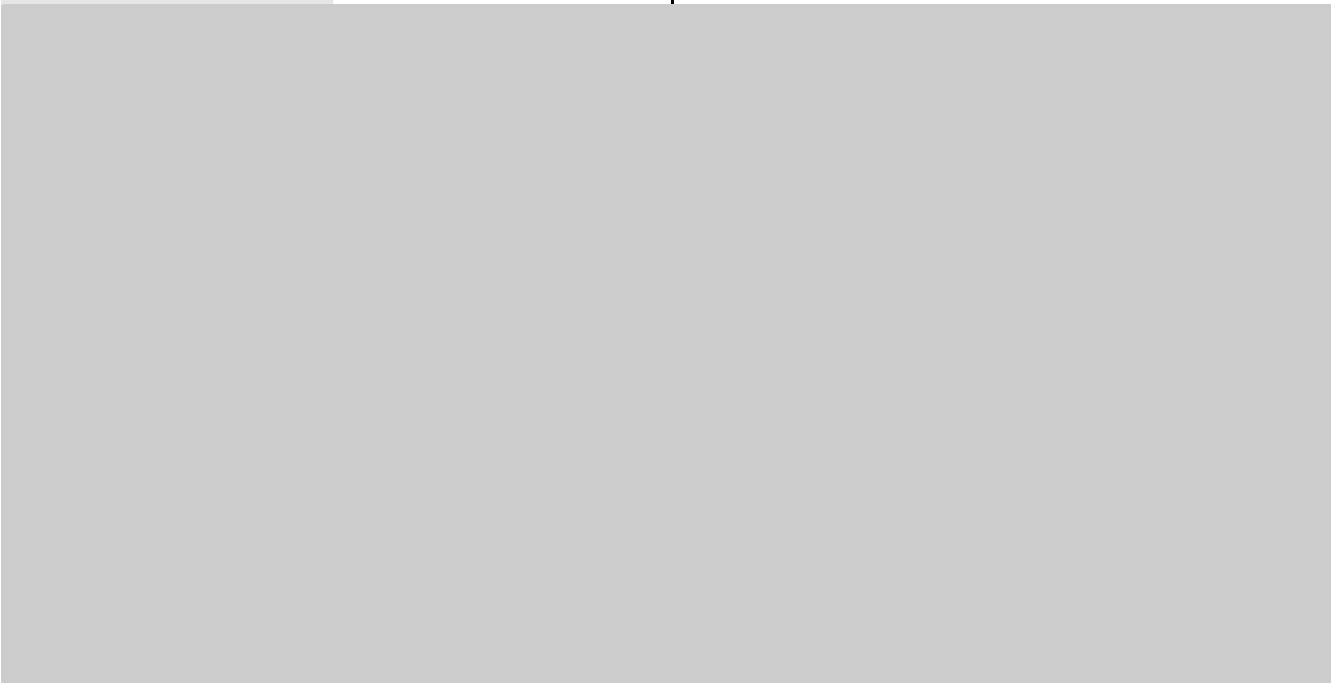
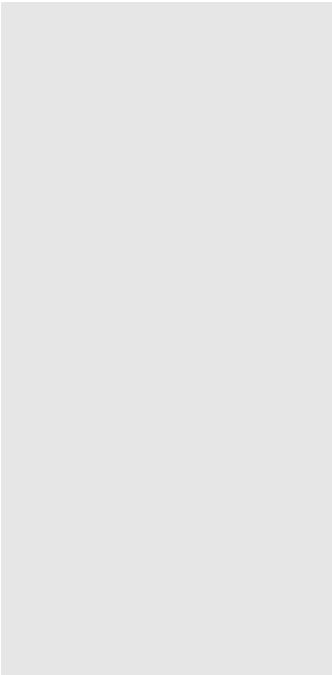
Council's current assets balance of \$39.178 million is primarily made up of investments in short term deposits (\$20.9 million) and investments in longer dated deposits (\$7 million). These assets are supplemented by receivables of \$9.368 million which include \$5.2 million net parking debtors and \$1.6 million due from rates debtors.

Council's current liabilities balance of \$10.659 million is primarily made up of accounts payable (\$6.2 million) and provisions for employee entitlements (\$3.1 million).

Non-Current Liabilities

Council's non-current liabilities of \$12.724 million are comprising employee benefits (\$4.1 million) and a bank loan (\$9.444 million, of which \$812,000 has been included in current liabilities).

STANDARD STATEMENTS



STANDARD STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005 Budget \$'000	2005 Actual \$'000	Variance \$'000	%	Note
Revenue from ordinary activities					
Rates and garbage charge	57,622	58,696	1,074	1.9%	2.1
Operating grants and contributions	8,479	9,371	892	10.5%	2.2
Capital grants and contributions	747	842	95	12.7%	2.3
Contributions	1,240	2,512	1,272	102.6%	2.4
Interest	1,050	1,438	388	37.0%	2.5
User charges and other fines	7,626	8,254	628	8.2%	2.6
Statutory fees	2,071	2,272	201	9.7%	2.7
Parking fees and fines	21,055	19,575	(1,480)	(7.0%)	2.8
Other revenue	1,518	1,796	278	18.3%	2.9
Rent	4,425	4,788	363	8.2%	2.10
Total Revenues	105,833	109,544	3,711	3.5%	
Expenses from ordinary activities					
Employee benefits	34,414	37,950	3,536	9.3%	2.11
Materials and consumables	14,157	16,577	2,420	14.6%	2.12
External contracts	29,060	27,638	(1,422)	(5.1%)	
Bad and doubtful debts	945	1,235	290	23.5%	2.13
Utility payments	2,072	1,785	(287)	(16.1%)	2.14
Professional services	2,784	2,981	198	6.6%	
Borrowing costs	610	604	(6)	(1.0%)	
Depreciation	11,984	12,016	32	0.3%	
Written down value of assets sold	-	762	762	-	
Other expenses	3,358	2,714	(644)	(23.7%)	2.15
Total Expenses	99,384	104,263	4,879	4.9%	
Net surplus from operations	6,449	5,281	(1,168)	(18.1%)	
Net increase in asset revaluation reserve	-	11,610	11,610	-	
Revaluation reserve write off	-	1,249	-	-	
Total Changes in equity for the year	6,449	18,140	10,442	161.9%	

STANDARD STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2005

	2005 Budget \$'000	2005 Actual \$'000	Variance \$'000	%	Note
Current assets					
Cash assets	31,824	20,909	(10,915)	-34.3%	3.1
Other financial assets	-	7,000	7,000	0.0%	3.1
Receivables	8,426	9,368	942	11.2%	3.2
Accrued income	112	614	502	448.2%	3.3
Prepayments	173	1,287	1,114	643.9%	3.4
Total current assets	40,535	39,178	(1,357)	-3.3%	
Non-current assets					
Investment in joint venture	505	-	(505)	-100.0%	3.5
Other financial assets	284	5	(279)	-98.2%	3.6
Receivables	40	2,617	2,577	6442.5%	3.7
Property, infrastructure, plant and equipment	994,195	1,417,545	423,350	42.6%	3.8
Total non-current assets	995,024	1,420,167	425,143	42.7%	
Total assets	1,035,559	1,459,345	423,786	40.9%	
Current liabilities					
Payables	7,459	6,212	(1,247)	-16.7%	3.9
Trust funds	771	471	(300)	-38.9%	3.10
Employee benefits	2,641	3,107	466	17.6%	3.11
Interest-bearing liabilities	812	812	-	0.0%	
Provisions	320	57	(263)	-82.2%	3.12
Total current liabilities	12,003	10,659	(1,344)	-11.2%	
Non-current liabilities					
Employee benefits	2,822	4,092	1,270	45.0%	3.13
Interest-bearing liabilities	8,632	8,632	-	0.0%	
Total non-current liabilities	11,454	12,724	1,270	11.1%	
Total liabilities	23,457	23,383	(74)	-0.3%	
Net assets	1,012,102	1,435,962	423,860	41.9%	
Equity					
Accumulated surplus	522,542	544,803	22,261	4.3%	
Asset revaluation reserve	475,168	876,545	401,377	84.5%	3.14
Other reserves	14,392	14,614	222	1.5%	
Total equity	1,012,102	1,435,962	423,860	41.9%	

STANDARD STATEMENT OF CASH FLOWS

For the year ended 30 June 2005

	2005 Budget \$'000	2005 Actual \$'000	Variance \$'000	%	Note
Cash flows from operating activities					
Receipts from customers	57,622	58,987	1,365	2.4%	
Payments to suppliers (inclusive of GST)	(56,624)	(62,776)	(6,152)	-10.9%	4.1
Net cash inflow / (outflow) from customers/suppliers	998	(3,789)	(4,787)	-479.7%	
Parking fees and fines	21,163	20,323	(840)	-4.0%	4.2
Government grants (inclusive of GST)	9,226	10,213	987	10.7%	4.3
Contributions	1,240	2,512	1,272	102.6%	4.4
Interest received	1,050	1,438	388	37.0%	4.5
Other receipts (inclusive of GST)	20,750	17,019	(3,731)	-18.0%	4.6
Net GST refund	2,602	3,596	994	38.2%	4.7
Payments to employees	(34,414)	(35,959)	(1,545)	-4.5%	4.8
Borrowing costs	(610)	(604)	6	-1.0%	
Net cash inflow from operating activities	22,005	14,749	(7,256)	-33.0%	
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	257	-	(257)	-100.0%	4.9
Payments for property, infrastructure, plant and equipment	(20,267)	(13,951)	6,316	-31.2%	4.10
Proceeds from sale of other financial assets	-	8,178	8,178	100.0%	4.11
Net cash (outflow) from investing activities	(20,010)	(5,773)	14,237	-71.1%	
Cash flows from financing activities					
Repayment of borrowings	(764)	(764)	-	0.0%	
Net cash (outflow) from financing activities	(764)	(764)	-	0.0%	
Net (decrease) in cash held	1,231	8,212	(6,981)	-567.1%	
Cash at the beginning of the financial year	30,594	12,697	17,897	58.5%	
Cash at the end of the financial year	31,825	20,909	10,916	34.3%	
Reconciliation of Operating Result and Net Cash Flows from Operating Activities for the year ending June 2005					
Net surplus (deficit) from operations	6,449	5,281	1,168		
Depreciation	11,984	12,016	(32)		
(Profit) Loss on sale of property, plant and equipment	(257)	762	(1,019)		
Net movement in current assets and liabilities	3,829	(3,310)	7,139		
Net cash inflow from operating activities	22,005	14,749	7,256		

STANDARD STATEMENT OF CAPITAL WORKS

For the year ended 30 June 2005

	2005 Budget \$'000	2005 Actual \$'000	Variance \$'000	%	Note
Capital Works Areas					
Roads, footpaths and bridges	3,491	3,603	112	3.2%	
Drainage	675	1,140	465	68.9%	5.1
Buildings	9,360	6,341	(3,019)	-32.3%	5.2
Land improvements	3,675	1,125	(2,550)	-69.4%	5.3
Plant and equipment	430	1,013	583	135.6%	5.4
Furniture and fittings	-	1,819	1,819	-	
Heritage assets and works of art	-	54	54	-	
Total capital works	17,631	15,095	(2,536)	-14.4%	
Represented by:					
Renewal	6,951	5,037	(1,914)	-27.5%	5.5
Upgrade	8,940	7,766	(1,174)	-13.1%	5.6
Expansion	-	-	-	-	
New Assets	1,740	2,292	552	31.7%	5.7
Total capital works	17,631	15,095	(2,536)	-14.4%	

	2005 Budget \$'000	2005 Actual \$'000	Variance \$'000	%	Note
Property, Infrastructure, Plant and Equipment movement Reconciliation					
The movement between the previous year and current year in property, infrastructure, plant and equipment as shown in the Statement of Financial Position links to the net of the following items:					
Total capital works	17,631	15,095	(2,536)	-14.4%	5.8
Asset revaluation movement	-	12,859	12,859	-	
Depreciation and amortisation	(11,984)	(12,016)	(32)	0.3%	
Written down value of assets sold	-	(762)	(762)	-	
WIP write off to operating	-	(1,154)	(1,154)	-	
Joint venture assets consolidated	-	234	234	-	
Net movement in property, infrastructure, plant and equipment	5,647	14,256	8,609	152.5%	

NOTES TO THE STANDARD STATEMENTS

For the year ended 30 June 2005

Note 1 Basis of preparation of Standard Statements

The City of Port Phillip is required to prepare and include audited Standard Statements within its Annual Report. Two additional statements are required this year - a Standard Statement of Financial Performance and a Standard Statement of Cash Flows, together with explanatory notes.

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

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the 2004/2005 Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report.

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

The Standard Statements compare the Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by the Council on 12 July 2004. The budget was based on the assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget assumes constant valuation of assets.

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

NOTES TO THE STANDARD STATEMENT

For the year ended 30 June 2005

Note 2 Variance Explanation Report

Ref.	Item	Explanation
2.1	Rates	Additional income of \$1.074M is attributable to unbudgeted supplementary rates of \$919K and additional interest on overdue rates earned.
2.2	Operating grants and contributions	Additional income of \$892K due to unbudgeted grants received in various areas including Childrens Services \$120K; Child Care \$95K; Street and Beach Cleaning \$50K., Foreshore Planning \$77K; Vacation Care \$68K and Vichealth Metro \$70K. All other areas had minor increases in grant income impacting on the overall figure.
2.3	Capital grants and contributions	Additional income of \$95K due to additional funds of \$96K being received for the Roads to Recovery project.
2.4	Open space contributions	Additional income of \$1.272M is attributable to a combination of a conservative budget for this revenue item and the receipt of a number of large developer contributions for some major property developments.
2.5	Interest received	Increased funds available for investment as a result of delays in expending Council's capital budget and marginally higher interest rates.
2.6	User charges & other fines	Additional income of \$628K is attributable to increased kerbside trading permits \$174K, and additional fees from FRH contracts \$345K, St Kilda Festival \$119K and the St Kilda Film Festival \$109K
2.7	Statutory fees	Additional \$201K income is due to increased street occupation fees of \$180K being received.
2.8	Parking fees and fines	Lower than anticipated courtesy letter income coupled with storm damage to parking machines, and poor recovery of PERIN income are the main factors behind this \$1.48M unfavourable income variance.
2.9	Other revenue	Additional income of \$278K is due to increased income from sales of derelict vehicles and property and valuations income.
2.10	Rent	Additional income of \$363K is attributable to: the impact of the Streetsahead joint venture adjustment \$45K, unbudgeted hire revenue for events \$240K, and additional South Melbourne market rental of \$71K.
2.11	Employee benefits	Additional expenditure of \$3.536M attributable to: <ul style="list-style-type: none"> - The impact of incorporating the Streetsahead joint venture into Council's accounts has accounted for \$1.897M of this increase - The salary increases paid during the year to staff as a result of the Enterprise Bargaining Agreement and the impact of banding movements \$1.5M. - An increase to the employee provisions for annual leave and long service leave liabilities \$409K. This increase is partly related to the inclusion of the Streetsahead joint venture in Council's accounts
2.12	Materials and consumables	Additional expenditure of \$2.42M is attributable to: <ul style="list-style-type: none"> - An additional \$218K expense as a result of the year end adjustment for the Streetsahead joint venture - An additional \$428K lease charges expense as a result of the year end adjustment for the Streetsahead joint venture - Additional maintenance costs of \$315K as a result of the office relocations - The impact of a \$2.813M write off of non-capital expenses related to Capital Works projects.
2.13	Bad and doubtful debts	Additional expenditure of \$290K attributable to the impact of poor PERIN doubtful debts recovery
2.14	Utility expenses	A saving of \$287K as a result of lower hiring levels of the town halls.
2.15	Other expenses	A reduction of \$644K due to the reclassification of graffiti removal costs of \$277K and community service agreements of \$371K to contract payments.

NOTES TO THE STANDARD STATEMENTS

For the year ended 30 June 2005

Note 3 Variance Explanation Report

Ref.	Item	Explanation
3.1	Cash and other financial assets	All investments were budgeted as cash assets. The overall variance of \$3.915M (12.30%) is due to the significant \$4M reduction of accounts payable balances in July 2004.
3.2	Current receivables	The increase of \$942K is due mainly to an underestimate of \$1.2M in the budget which has been partly offset by a reduction in the amount due from rate debtors.
3.3	Accrued income	The increase of \$502K is due mainly to the accrual of parking machine income (\$270K) and interest from investments (\$191K).
3.4	Prepayments	The increase of \$1.114M is due to Council prepaying its insurances for the 2005/06 financial year (\$1.265M) in June 2005.
3.5	Investment in joint venture	Council has changed its method of accounting for the Streetsahead joint venture from the equity method whereby we only bring in the full operating result to a full consolidation of the results of this enterprise.
3.6	Non-current other financial assets	The reduction of \$279K is due to the write off of a trust fund that did not belong to Council.
3.7	Non-current receivables	The increase of \$2.577M is due to the reclassification of the Inkerman Oasis debtor from current to non-current following construction delays on the Inkerman Oasis project .
3.8	Property, infrastructure, plant and equipment	The increase is due to revaluation increments during the 2003/2004 year that were not included in the budget for 2004/2005 relating to: - land \$326M; - buildings \$62M; - heritage assets and works of art \$568K; and - roads, streets and bridges \$16M.
3.9	Payables	The variance is due to the large reduction of accounts payable balances in July 2004.
3.10	Trust funds	These have reduced by \$300K as a result of a reduction of \$100K in contract deposits and \$113K in other refundable deposits.
3.11	Current employee benefits	The increase of \$466K is mainly due to the recognition of employee benefits for staff employed at the Streetsahead joint venture.
3.12	Provisions	Provision for rent no longer required and reversed in 2003/2004 was not factored into 2004/2005 budget.
3.13	Non-current employee benefits	Adjustment to long service leave provision to include those employees that have been with Council for 0-4 years.
3.14	Asset revaluation reserve	The increase is due to revaluation increments during the 2003/2004 year that were not included in the budget for 2004/2005 relating to: - land \$326M; - buildings \$62M; - heritage assets and works of art \$568K; and - roads, streets and bridges \$16M.

NOTES TO THE STANDARD STATEMENT

For the year ended 30 June 2005

Note 4 Variance Explanation Report

Ref.	Item	Explanation
4.1	Payments to suppliers (inclusive of GST)	Greater than budget due to GST of \$5.6M not being included in the budget.
4.2	Parking fees and fines	Lower than anticipated courtesy letter income coupled with storm damage to parking machines, and poor recovery of PERIN income are the main factors behind this \$840K unfavourable variance.
4.3	Government grants (inclusive of GST)	Increase of \$0.987M is attributable to additional grants for new and existing projects received during the year.
4.4	Contributions	Increase of \$1.3M is attributable to a combination of a conservative budget and the receipt of a number of large developer contributions for some major property developments.
4.5	Interest received	Increased funds available for investment as a result of delays in expending Council's capital budget and marginally higher interest rates.
4.6	Other receipts (inclusive of GST)	Reduction of \$3.7M is attributable to an overstatement in the cash flow budget.
4.7	Net GST refund	The increase of \$994K reflects the increase in payments to suppliers.
4.8	Payments to employees	\$1.545M higher than budget due to salary increases paid during the year to staff as a result of the Enterprise Bargaining Agreement and the impact of banding movements \$1.5M.
4.9	Proceeds from sale of property, plant and equipment	Actual proceeds from sale of Right of Ways have been classified as other income due to land under roads not being recognised as a Council asset.
4.10	Payments for property, plant and equipment	This is attributable to an increase of \$4.7M in the capital works carry over from 2003/2004 to 2004/2005.
4.11	Proceeds from sale of other financial assets	Budgeted cash flow assumed no net increases or decreases in other financial assets.

NOTES TO THE STANDARD STATEMENTS

For the year ended 30 June 2005

Note 5 Variance Explanation Report

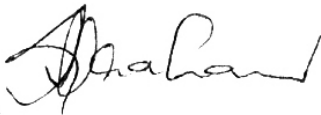
Ref.	Item	Explanation
5.1	Drainage	Variance of \$465K is due to the delays in completing the Montague Street drainage works.
5.2	Buildings	Variance of \$3M is due mainly to delays in works on the St Kilda Town Hall office refurbishment project.
5.3	Land improvements	Variance of \$2.5M is primarily due to a reclassification of landscaping and tree root management works from capital to operating expenditure.
5.4	Plant and equipment	Additional expenditure of \$583K is mainly due to the acquisition of new parking machines that have be funded from reserves.
5.5	Renewal	The variance of \$1.9M is mainly due to the reclassification of landscaping and tree root management works from capital to operating expenditure.
5.6	Upgrade	The variance of \$1.2M is mainly due to delays in completing the Montague Street drainage works.
5.7	New assets	Variance of \$550K is due to delays in expending the budget for St Kilda foreshore promenade and pier project.
5.8	Total capital works	Variance of \$2.5M is due mainly to a reclassification of landscaping and tree root management works from capital to operating expenditure.

NOTES TO THE STANDARD STATEMENT

For the year ended 30 June 2005

Certification of the Standard Statements

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



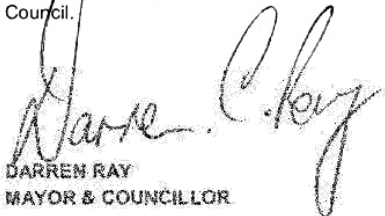
DAVID GRAHAM
PRINCIPAL ACCOUNTING OFFICER

Date: 19/09/2005
St Kilda

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

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

We were authorised by the Council, on 5 September 2005, to certify the standard statements report in its final form on behalf of the Council.



DARREN RAY
MAYOR & COUNCILLOR

Date: 19/9/2005
St Kilda



JANET BOLITHO
DEPUTY MAYOR & COUNCILLOR

Date: 19/9/2005
St Kilda



DAVID SPOKES
CHIEF EXECUTIVE OFFICER

Date: 15/19/2005
St Kilda

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STATEMENT OF FINANCIAL PERFORMANCE

As at 30 June 2005

	Note	2005 \$'000	2004 \$'000
Revenues			
Revenue from ordinary activities			
Rates and garbage charge	2	58,696	56,087
Parking fees and fines	3	19,575	18,622
User charges and other fines	4	10,526	10,273
Grants	5	10,213	10,027
Contributions	6	2,512	2,381
Other revenue	7	1,796	1,738
Interest		1,438	1,437
Rent		4,788	4,558
Proceeds from disposal of property, plant and equipment	8	-	6
Recognition of assets for the first time		-	27,488
Total Revenue		109,544	132,617
Expenses			
Expenses from ordinary activities			
Employee benefits	9	37,950	34,435
Contract payments, materials and services	10	29,049	30,018
Bad and doubtful debts	11	1,235	985
Depreciation	12	12,016	11,167
Professional services		2,981	3,785
Utility payments		1,785	2,089
Other expenses	13	17,881	14,969
Written down value of assets sold	8	762	1,515
Total Expenses		103,659	98,963
Borrowing costs	14	604	652
Share of net profit/(loss) of joint venture accounted for using the equity method	37	-	39
Result from ordinary activities		5,281	33,041
Movements in equity			
Adjustment to asset revaluation reserve	25	11,610	389,768
Revaluation reserve write off	25	1,249	-
Total movements directly recognised as equity		12,859	389,768
Total changes in equity for the year		18,140	422,809

The accompanying notes form part of this financial report

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
Assets			
Current assets			
Cash assets	15	20,909	12,697
Other financial assets	16	7,000	14,500
Receivables	17	9,368	9,199
Accrued income		614	264
Prepayments	18	1,287	225
Total current assets		39,178	36,885
Non-current assets			
Investment in joint venture per equity method	37	-	543
Other financial assets		5	5
Receivables	17	2,617	2,630
Property, infrastructure, plant and equipment	19	1,417,545	1,403,289
Total Non-current assets		1,420,167	1,406,467
Total Assets		1,459,345	1,443,352
Liabilities			
Current liabilities			
Payables	20	6,212	8,853
Trust funds	21	471	496
Employee benefits	22	3,107	2,771
Interest-bearing liabilities	23	812	764
Provisions	24	57	-
Total current liabilities		10,659	12,884
Non-current liabilities			
Employee benefits	22	4,092	3,202
Interest-bearing liabilities	23	8,632	9,444
Total Non-current liabilities		12,724	12,646
Total liabilities		23,383	25,530
Net Assets		1,435,962	1,417,822
Represented by:			
Accumulated surplus		544,803	538,521
Reserves	25	891,159	879,301
Equity		1,435,962	1,417,822

The accompanying notes form part of this financial report

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2005

	Note	Total		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance at beginning of the financial year		1,417,822	995,013	538,521	498,428	864,935	475,167	14,366	21,418
Result for the year		5,281	33,041	5,281	33,041				
Net asset revaluation increment/(decrement)	25(a)	12,859	389,768			12,859	389,768		
Transfers to other reserves	25(b)	-	-	(6,767)	(12,068)	(1,249)		8,016	12,068
Transfers from other reserves	25(b)	-	-	7,768	19,120			(7,768)	(19,120)
Balance at end of the financial year		1,435,962	1,417,822	544,803	538,521	876,545	864,935	14,614	14,366

The accompanying notes form part of this financial report

STATEMENT OF CASH FLOWS

For the year ended 30 June 2005

	Note	2005 Inflows/ (Outflows) \$'000	2004 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		58,987	56,731
Parking fees and fines		20,323	17,783
User charges and other fines (inclusive of GST)		10,698	11,187
Grants (inclusive of GST)		10,213	10,737
Contributions		2,512	2,381
Interest		1,438	1,285
Rents (inclusive of GST)		4,788	5,013
Other receipts (inclusive of GST)		1,533	1,029
Net GST refund		3,596	3,994
Payments to suppliers (inclusive of GST)		(35,959)	(40,006)
Payments to employees		(37,106)	(34,102)
Borrowing costs		(604)	(652)
Other payments		(25,670)	(15,338)
Net cash provided by operating activities	26	14,749	20,042
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(13,951)	(21,607)
Proceeds from sale of assets		-	6
Proceeds from sale of other financial assets		8,178	-
Payments for other financial assets		-	(3,338)
Net cash (used in) investing activities		(5,773)	(24,939)
Cash flows from financing activities			
Repayment of borrowings		(764)	(719)
Net cash (used in) financing activities		(764)	(719)
Change in cash held		8,212	(5,616)
Cash at the beginning of the financial year		12,697	18,313
Cash at the end of the financial year	27	20,909	12,697
Financing arrangements	28		
Restrictions on cash assets	29		

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

This financial report has been prepared under the historical cost convention, except where specifically stated.

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

(b) Change in accounting policies

With effect from 1 July 2004, there has been a change in accounting policy in respect of the Joint Venture, Streetsahead. Council historically accounted for its interest in this joint venture using the equity basis whereby it brought to account the change in equity arising from the joint venture's operations for the year. In 2004/2005, Council will consolidate the accounts of the Joint Venture and eliminate all internal transactions. This change in policy will not have any effect on Council's overall equity position.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 1 Significant accounting policies (cont.)

(c) Revenue recognition

Rates, grants and contributions

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

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

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

User charges, fees and fines

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

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

Sale of property, infrastructure, plant and equipment

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

Interest and rents

Interest and rents are recognised as revenue when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

(d) Depreciation and amortisation of non-current assets

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

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

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

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

	2005	2004
<i>Land and buildings</i>		
Land	nil	nil
Buildings	100 years	100 years
Land improvements	10 - 100 years	10 - 100 years
<i>Plant and equipment</i>		
Communications equipment	3 years	3 years
Furniture & fittings	5 years	5 years
Heritage assets	100 years	100 years
Information Technology	3 years	3 years
Library books	5 years	5 years
Motor vehicles	5 years	5 years
Office Equipment	5 years	5 years
Pay parking equipment	5 - 10 years	5 - 10 years
Software	3 years	3 years
Works of Art	100 years	100 years
<i>Infrastructure</i>		
Roads		
- Substructure	100 years	100 years
- Seal		
- Asphalt	18 years *	15 - 18 years
- Spray	12 years *	10 - 12 years
Footpaths	40 - 50 years	40 - 50 years
Kerb and channel	50 years	50 years
Drains	50 - 100 years	50 - 100 years
Bridges		
- Substructure	40 - 80 years *	40 - 100 years
- Deck	20 - 80 years *	20 - 100 years
Lanes (Right of Ways)	18 - 100 years *	50 - 100 years

* Asset life has changed following review. New lives applied from 1 July 2004.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

(e) Repairs and maintenance

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

(f) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

(g) Recognition and measurement of assets

Acquisition

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

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

The following classes of assets have been recognised in note 19. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Class of asset	Threshold Limit
<i>Land and buildings</i>	
Land	All
Buildings	\$5,000
Land improvements	\$5,000
<i>Plant and equipment</i>	
Communications equipment	\$2,000
Furniture & fittings	\$2,000
Heritage assets	All
Information Technology	\$2,000
Library books	All
Motor vehicles	\$2,000
Office Equipment	\$2,000
Pay parking equipment	\$2,000
Software	\$10,000
Works of Art	All

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Infrastructure

Roads	\$5,000
Substructure	\$5,000
Seal	\$5,000
- Asphalt	\$5,000
- Spray	\$5,000
Footpaths	\$5,000
Kerb and channel	\$5,000
Drains	\$5,000
Bridges	\$5,000
- Substructure	\$5,000
- Deck	\$5,000
Lanes (Right of Ways)	\$5,000

Revaluation

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

In addition, Council undertakes the formal revaluation of land, buildings, land improvements, works of art, heritage assets and infrastructure assets on a regular basis ranging from one to three years. The valuation is performed either by experienced Council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Revaluation increments and decrements within the year are offset within the same class of asset.

Land under roads

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 Land under Roads, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2007.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

(h) Cash assets

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

(i) Other financial assets

Other financial assets are measured at cost.

(j) Community Housing Agreements

Council has interests in 15 properties (no change from prior year), 12 of which are Council owned (no change from prior year), two part-owned with the State Government's Office of Housing (no change from prior year) and one wholly owned by the Office of Housing. Apart from one, Inkerman Oasis, all are subject to joint venture agreements with the Office of Housing. Fourteen properties are operational under the management of the Port Phillip Housing Association (2003/2004: 11) and one is under construction.

Assets acquired are initially recorded at cost as non-current physical assets under 'land and buildings'. Council has no ongoing liabilities for costs which are borne by the Port Phillip Housing Association under the terms of the management agreement. Recent projects comprise Inkerman Oasis, St Kilda, which is in the process of being provided by a developer with stages one and two completed and stage three under construction (same as previous year); Excelsior Hall and Liardet community housing in Port Melbourne were completed in 2004 and Woodstock, in Balaclava, is under construction and due for completion in May 2006.

(k) Tender deposits

Amounts received as tender deposits controlled by Council are recognised as Trust funds until they are returned or forfeited.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

(l) Employee benefits

Wages and salaries

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

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

Long service leave

Long service leave entitlements are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Superannuation

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 30.

Retirement gratuities

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

(m) Leases

Operating leases

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

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

(n) Allocation between current and non-current

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

(o) Budget information

Amounts shown in the financial report as budget information have been disclosed for information purposes only. Where necessary, budget information has been recast to comply with current presentation requirements. The budget figures have been drawn from Council's budget approved at the time the rates were adopted by Council for the 2004/2005 year.

(p) Joint ventures

With effect from 1 July 2004, Council has consolidated its share of the joint venture's financial performance and financial position into Council's accounts. In prior years, Council included its share of the change in equity derived from the joint venture's operations during the year.

(q) Web Site costs

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

(r) Rounding

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

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

(s) Impacts of adopting Australian equivalents to International Financial Reporting Standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), the City of Port Phillip will prepare and present its first financial report and other accountability statements in compliance with the AIFRS framework for the financial year ended 30 June 2006.

The 2006 AIFRS compliant financial report will comprise the four existing financial statements, three of which will be renamed, and notes accompanying those statements. The Statement of Financial Performance will be called the Income and Expense Statement, the Statement of Financial Position becomes the Balance Sheet, and the Statement of Cash Flows becomes the Cash Flow Statement.

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The Council has analysed its purpose, objectives, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Council has elected to apply options and exemptions within the AIFRS that are applicable to not-for-profit entities.

With certain exceptions, the Council will record transactions and events as though AIFRS had always applied. This practice has extended to any comparative information included within the financial report. Most accounting policy adjustments arising from the first time adoption of AIFRS apply retrospectively and have been adjusted against the balance of accumulated surplus at 1 July 2004, being the opening balance sheet date for the comparative period.

This financial report has been prepared in accordance with current Australian Accounting Standards (Australian GAAP) and other financial reporting requirements. Following the completion of the business impact analysis and evaluation of policy alternatives, the Council has concluded that there will not be a significant impact on the reported financial position and financial performance following the adoption of AIFRS. It should be noted that the actual effects of the transition to AIFRS may differ from that currently disclosed due to:

- changes in facts and circumstances
- ongoing work being undertaken by the AIFRS project team
- potential amendments to AIFRS and UIG interpretations and
- emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 2		
Rates and garbage charge		
Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.		
The valuation base used to calculate general rates for 2004/2005 was \$1,377 million (2003/2004 was \$1,147 million). The 2004/2005 rate in the NAV dollar was 4.212 cents (2003/2004: 4.771 cents).		
Residential	42,350	39,022
Commercial	11,775	11,697
Industrial	2,898	3,402
Supplementary rates and rate adjustments	919	1,263
Garbage bin charge	157	147
Interest on rates	597	556
	58,696	56,087
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2004 and the valuation applied to the rating period commencing 1 July 2004.		
The date of the next general revaluation of land for rating purposes within the municipal district will be 1 January 2006 and the valuation will be applied in the rating year commencing 1 July 2006.		
Note 3		
Parking fees and fines		
Parking fines and other charges	10,595	10,022
Fees - ticket machines	8,332	8,000
Permits	648	600
	19,575	18,622

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 4	User charges and other fines		
	Aged services	1,283	911
	Animal management services	284	198
	Building services	638	706
	Child care/Children's programs	2,776	2,689
	Festivals	449	251
	Health and food act fees	539	524
	Kerbside permits	1,025	792
	Land information certificates	118	125
	Market fees	340	379
	Planning fees	1,169	1,448
	Re-instatement works	832	775
	Waste management	334	317
	Fines and cost recoveries	256	125
	Services fees and charges	183	483
	Crane permit fees	163	189
	Other fees and charges	137	361
		10,526	10,273
		2005	2004
Note 5	Grants	\$'000	\$'000
	Commonwealth Government		
	Pre school	42	39
	Child care centre	513	455
	Adventure playground and leisure	293	275
	Immunisation	19	16
	Family support	34	33
	Arts	48	56
	Home Care	3	-
	Switched on	-	37
	Training	71	28
	Roads to recovery	362	257
		1,385	1,196

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

State Government- General Purpose		
Home help - elderly	1,421	1,378
Addas	213	209
Specific home care	333	233
Home maintenance services	116	124
Senior citizen centres	22	76
Meals on wheels	214	192
Pre school	-	23
Maternal and child health	334	285
Child care centre	123	39
Family day care	-	11
Adventure playground and leisure	356	298
ConnectED	825	464
Immunisation	19	19
Dental program	10	9
Family support	100	101
Arts	10	53
Drug strategy	69	178
Isepech	180	176
Library subsidy	441	401
Beach clean	341	288
Port Melbourne Tram Feasibility	-	41
Greenlight Project	-	15
Grow Your Business - Group Program	-	15
SLAH - Sustainable Living at Home	5	21
Sustainable Traders	12	39
Global Garden Party	5	10
Grappling with Graffiti	14	23
Building Inclusive Communities	70	10
HARP - Better Care for Older People	-	9
St Kilda Foreshore UDF	-	30
Tobacco Activity	6	-
VicRoads	770	579
School crossing	65	65
Capital grants	519	1,432
Registered premises	-	21
National competition policy	255	221
SES subsidy	-	4
Urban planning	90	10
Melbourne 2030	-	73
Woodstock - Arts Victoria	-	20
Pride of Place - Balclava Walk	-	34
Rooming house social meals	30	28
Sports and Recreation	85	-
Diversity Program	48	-
Employer Incentive	5	-
Vic Health Metro Active	70	-
Commonwealth Games	38	-
	7,214	7,257
Victorian Grants Commission	1,614	1,574

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 5	Grants (cont.)	2005	2004
		\$'000	\$'000
	Total	10,213	10,027
	Recurrent	9,958	7,671
	Non-Recurrent	255	2,356
		10,213	10,027
	<i>Conditions on Grants</i>		
	Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
	Cultural and recreational services	360	261
	Drugs strategy	-	178
	Environmental	-	69
	Infrastructure	256	67
	Social support	265	82
	Sustainable development	49	-
	Youth development	14	5
	Kindergartens	33	-
		977	662
	Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
	Community housing	34	-
	Cultural and recreational services	132	270
	Drugs strategy	99	182
	Environmental	76	72
	Social support	150	51
	Sustainable development	15	31
	Youth development	-	14
	Sustainable transport	12	-
		518	620
Note 6	Contributions		
	Developer contributions	12	-
	Open space contributions	2,478	2,361
	Car park contributions	22	20
		2,512	2,381

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 7		
Other revenue		
Contributions and donations	68	187
Sales	205	217
Sale of Derelict Vehicles	323	209
Property and Valuations Income	320	65
Sale of Right of Ways	429	196
Rent Surplus	-	411
Sundry Income including insurance recoveries	451	453
	1,796	1,738
Note 8		
Proceeds from disposal of property, infrastructure, plant and equipment		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(496)	(1,340)
<u>(Loss) on disposal of roads, footpaths and bridges</u>	<u>(496)</u>	<u>(1,340)</u>
Drainage		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(154)	(49)
<u>(Loss) on disposal of drainage</u>	<u>(154)</u>	<u>(49)</u>
Plant and equipment		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(112)	(113)
<u>(Loss) / profit on disposal of plant and equipment</u>	<u>(112)</u>	<u>(113)</u>
Furniture and fittings		
Proceeds from sale of assets	-	6
Written down value of assets disposed/scrapped	-	(13)
<u>(Loss) on disposal of furniture & fittings</u>	<u>-</u>	<u>(7)</u>
Summary		
Proceeds from sale of assets	-	6
Written down value of assets disposed/scrapped	(762)	(1,515)
<u>(Loss) on disposal of assets</u>	<u>(762)</u>	<u>(1,509)</u>

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 9		
Employee benefits		
Wages and salaries	27,827	25,351
Casual staff	3,242	2,820
Annual leave and long service leave	2,922	2,513
Superannuation	2,693	2,482
Fringe benefits tax and WorkCover	965	932
Redundancy	301	337
	37,950	34,435
Note 10		
Contract payments, materials and services		
Contract payments		
Cleaning	2,414	4,921
Health/Child care centres/Kindergartens/Schools	209	239
Festivals/Programs	656	734
Food production	527	389
Information systems	182	191
Maintenance and construction	6,327	5,615
Parking admin/Management	1,376	1,275
Parks/Gardens/Reserves	4,603	4,662
Perin lodgement fees	1,109	1,436
Recycling/Waste management	4,505	4,080
Revenue management/Rates	661	632
Community Service Agreements	468	372
Security services	920	686
Valuations	560	787
Relocation and Recruitment	468	109
Search fees	253	361
Corporate functions support	442	404
Insurance	57	75
Publications	38	112
Derelict Vehicles	312	182
Social/Community Services	110	158
Holiday Program	58	73
Environmental/Outdoor Design	82	157
Graffiti Removal	348	277
Election expenses	264	-
Other	690	340
	27,639	28,265
Materials and services		
Materials, consumables and minor asset purchases <\$2000	1,410	1,753
Total	29,049	30,018

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 11		
Bad and doubtful debts		
Parking fine debtors	74	28
Parking related debtors - PERIN Court	1,144	906
Other debtors	17	51
	1,235	985
Note 12		
Depreciation		
Buildings	2,129	1,663
Heritage and works of art	77	53
Plant and machinery	722	746
Furniture, equipment and computers	1,457	1,793
Roads, streets, and bridges	5,712	5,200
Land improvements	1,072	1,040
Drainage	847	672
	12,016	11,167
Note 13		
Other expenses		
Advertising	744	742
Contributions and community grants	2,506	1,818
Insurance	1,679	1,770
Metropolitan Fire Brigade levy	1,622	1,479
Operatina lease expenses	2,468	1,825
Printing and stationery	942	894
Telephone charges	1,342	1,259
Training	419	538
Activities / programs	407	328
Bank charges	326	360
Catering charges	394	442
Election expenses	6	3
General transport	207	192
Postage	235	222
Refunds	83	85
Software costs	266	612
Subscriptions	144	135
Travel	35	57
Maintenance	3,478	1,756
Other	578	452
	17,881	14,969
Note 14		
Borrowing costs		
Interest	604	652
	604	652

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 15		
Cash assets		
Cash on hand	37	24
Cash at bank	1,572	1,423
Cash equivalents - Bank Bills with maturity less than 3 months	1,609	1,447
	19,300	11,250
Total cash assets (refer to Note 27)	20,909	12,697
Note 16		
Other financial assets		
Bank bills - maturity greater than 3 months	7,000	14,500
Total financial assets	7,000	14,500
Note 17		
Receivables		
Current		
Rates debtors	1,673	1,964
Parking infringement debtors	15,547	14,244
Provision for doubtful debts - parking infringements	(10,296)	(9,078)
Other debtors	1,987	1,593
Provision for doubtful debts - other debtors	(64)	(76)
Net GST receivable	521	552
	9,368	9,199
Non-Current		
Deferred debtors	2,617	2,630
Total receivables	11,985	11,829

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 18		
Prepayments		
Insurance	1,265	96
Computer Maintenance	22	23
Subsidy Agreements	-	106
	1,287	225
Note 19		
Property, infrastructure, plant and equipment		
Land and buildings		
Land		
at cost	-	-
at fair value as at 30 June 2004 ¹	271,191	271,191
controlled land at fair value as at 30 June 2004 ¹	761,019	761,019
Total	1,032,210	1,032,210
Land improvements		
at cost	4,202	2,744
at fair value as at 30 June 2003 ²	22,502	22,502
Less: accumulated depreciation	(13,296)	(12,225)
Total	13,408	13,021
Buildings		
at cost	7,369	-
at fair value as at 30 June 2004 ¹	119,637	119,637
controlled buildings at fair value as at 30 June 2004 ¹	85,192	85,192
Less: accumulated depreciation	(101,892)	(99,763)
Total	110,306	105,066
Plant and equipment		
Plant and equipment		
at cost	2,509	1,620
at deemed cost as at 1 July 2001	2,343	3,071
Less: accumulated depreciation	(2,212)	(2,226)
Total	2,640	2,465
Furniture and fittings		
at cost	7,256	5,542
at deemed cost as at 1 July 2001	2,439	2,440
Less: accumulated depreciation	(7,211)	(5,383)
Total	2,484	2,599

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 19	Property, infrastructure, plant and equipment (cont.)	2005	2004
		\$'000	\$'000
	Plant and equipment (cont.)		
	Heritage assets and works of art		
	at cost	54	-
	at fair value as at 30 June 2004 ³	7,672	7,672
	Less: accumulated depreciation	(77)	-
	Total	7,649	7,672
	Infrastructure		
	Roads, footpaths and bridges		
	at cost	4,538	-
	at fair valuation as at 30 June 2004 ⁴	269,996	271,035
	Less: accumulated depreciation	(86,966)	(81,797)
	Total	187,568	189,238
	Drainage		
	at cost	-	3,129
	at fair value as at 30 June 2005 ⁵	95,992	-
	at fair value as at 30 June 2002	-	64,323
	Less: accumulated depreciation	(42,327)	(27,104)
	Total	53,665	40,348
	Work in progress - at cost	7,615	10,670
	Total property, infrastructure, plant & equipment	1,417,545	1,403,289

1 Land and buildings valuations as at 30 June 2004 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer. An assessment during 2004/05 of the value of all these assets has indicated that there is no material change required to be made to their carrying value.

2 Land Improvement valuations were performed as at 30 June 2003 in respect of Land Improvements by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2004/05 of the value of all these assets has indicated that there is no material change required to be made to their carrying value.

3 Heritage and works of art valuations as at 30 June 2004 were performed by the following independent valuers:

- Blaski & Sons - mayoral robes, chains & other attire;
- Deutscher Menzies - contemporary, visual & public art;
- Joyce Evans Photographer - historical photographs; and
- Leonard Joel - historical items & historical artworks.

4 Roads, footpaths and bridges were valued as at 30 June 2004 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2004/05 of the value of all these assets has indicated that there is no material change required to be made to their carrying value.

5 Drainage assets were valued as at 30 June 2005 by Mr D Yeouart BE, MIE Aust., CP Eng.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Fair Value Basis of Valuation

Fair value is determined based on the following:

- market value or market price, where there is a quoted market price in an active and liquid market, or
- market evidence, where there is no quoted market prices, but there is available market evidence of fair value with respect to similar assets, or
- assets buying price, where the market buying and selling prices differ materially or where no market exists for the asset.

In determining fair value, the following basis of valuation was used for each class of asset revalued as at 30 June 2004:

Land and Buildings

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

Roads, Footpaths and Bridges

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

Drainage

In determining fair value, the following basis of valuation was used as of 30 June 2005.

The valuation of drainage assets is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 19 Property, infrastructure, plant and equipment reconciliation

Infrastructure	Roads, Streets and Bridges	Drainage	Total Infrastructure 2005 \$'000
WDV at beginning of financial year:	189,238	40,348	229,586
Acquisition of assets	4,538	1,459	5,997
Depreciation (Note 12)	(5,712)	(847)	(6,559)
Revaluation increment / (decrement) (Note 25)	-	12,859	12,859
WDV of disposals (Note 8)	(496)	(154)	(650)
WDV at end of financial year	187,568	53,665	241,233

Land and Buildings	Land - freehold and other controlled	Buildings on freehold and controlled land	Land Improvements	Total Land and Buildings 2005 \$'000
WDV at beginning of financial year:	1,032,210	105,066	13,021	1,150,297
Acquisition of assets	-	7,369	1,459	8,828
Depreciation (Note 12)	-	(2,129)	(1,072)	(3,201)
Revaluation increment / (decrement) (Note 25)	-	-	-	-
WDV of disposals (Note 8)	-	-	-	-
WDV at end of financial year	1,032,210	110,306	13,408	1,155,924

Plant and equipment	Plant and Machinery	Furniture Vehicles and IT equipment	Heritage and Art works	Total Plant and Equipment 2005 \$'000
WDV at beginning of financial year:	2,465	2,599	7,672	12,736
Acquisition of assets	1,009	1,108	54	2,171
Council share of Joint Venture Assets	-	234	-	234
Depreciation (Note 12)	(722)	(1,457)	(77)	(2,256)
Revaluation increment / (decrement) (Note 25)	-	-	-	-
WDV of disposals (Note 8)	(112)	-	-	(112)
WDV at end of financial year	2,640	2,484	7,649	12,773

W.I.P.	W.I.P.	Total Non Current Assets
WDV at beginning of financial year:	10,670	1,403,289
Acquisition of assets	6,198	23,194
Council share of Joint Venture Assets	-	234
Depreciation (Note 12)	-	(12,016)
Revaluation increment / (decrement) (Note 25)	-	12,859
WDV of disposals (Note 8)	-	(762)
Transfer to Operating	(1,154)	(1,154)
Capitalisations of W.I.P.	(8,099)	(8,099)
WDV at end of financial year	7,615	1,417,545

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 20		
Payables		
Trade creditors	3,881	6,855
Superannuation	-	29
Accrued expenses	2,248	1,969
Other	83	-
	6,212	8,853
Note 21		
Trust funds		
Refundable building deposits	25	30
Refundable contract deposits	47	56
Refundable tender deposits	8	61
Refundable civic facilities deposits	11	44
Other refundable deposits	380	305
	471	496
Note 22		
Employee benefits		
Current		
Annual leave	2,553	2,478
Long service leave	265	218
Retirement gratuity	37	33
re joint venture employees	222	-
Other	30	42
	3,107	2,771
Non-current		
Long service leave	3,522	2,902
Retirement gratuity	330	300
re joint venture employees	240	-
	4,092	3,202
Aggregate Carrying Amount of Employee costs		
Current	3,107	2,771
Non-current	4,092	3,202
	7,199	5,973
	No.	No.
Average employee numbers during the financial year	706	723
Number of full time equivalents (FTE) at year end	570	555.8

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 23		
Interest-bearing liabilities		
<i>Current</i>		
Borrowings - Secured	812	764
<i>Non-current</i>		
Borrowings - Secured	8,632	9,444
Total	9,444	10,208
The maturity profile for Council's borrowings is:		
Not later than one year	812	764
Later than one year and not later than five years	3,792	2,592
Later than five years	4,840	6,852
	9,444	10,208
Note 24		
Provisions		
<i>Current</i>		
Redundancies	57	-

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 25	Reserves	2005 \$'000	2004 \$'000
	(a) Asset revaluation reserve		
	Land		
	Balance at beginning of reporting year	762,003	435,639
	Increment	-	326,364
	Balance at end of reporting year	762,003	762,003
	Buildings		
	Balance at beginning of reporting year	62,638	16,115
	Increment	-	46,523
	Balance at end of reporting year	62,638	62,638
	Furniture and fittings		
	Balance at beginning of reporting year	1,470	1,470
	Transfer to accumulated surplus	(1,470)	-
	Balance at end of reporting year	-	1,470
	Art & Heritage		
	Balance at beginning of reporting year	651	83
	Increment	-	568
	Balance at end of reporting year	651	651
	Roads, footpaths and bridges		
	Balance at beginning of reporting year	38,394	22,081
	Increment	-	16,313
	Balance at end of reporting year	38,394	38,394
	Drainage		
	Balance at beginning of reporting year	(221)	(221)
	Transfer to accumulated surplus	221	-
	Increment	12,859	-
	Balance at end of reporting year	12,859	(221)
	Balance total reserves at beginning of reporting year	864,935	475,167
	Net Increment	11,610	389,768
	Total asset revaluation reserve	876,545	864,935

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 25	Reserves (cont.)	2005	2004
		\$'000	\$'000
	(b) Other reserves		
	General reserve		
	<i>The general reserve aggregates a number of specific purpose reserve funds.</i>		
	Balance at beginning of reporting year	9,116	15,274
	Transfer from accumulated surplus	5,304	9,564
	Transfer to accumulated surplus	(5,339)	(15,722)
	Balance at end of reporting year	9,081	9,116
	Statutory reserves		
	Resort and recreation reserve		
	<i>The resort and recreation reserve is for the accumulation of developers contributions which are to be expended at a future date on recreational infrastructure.</i>		
	Balance at beginning of reporting year	4,583	4,795
	Transfer from accumulated surplus	2,548	2,389
	Transfer to accumulated surplus	(2,429)	(2,601)
	Balance at end of reporting year	4,702	4,583
	Contributions for car parking reserve		
	<i>The car parking reserve is for the accumulation of developers contributions which are to be expended at a future date on improved car parking facilities.</i>		
	Balance at beginning of reporting year	667	1,349
	Transfer from accumulated surplus	104	115
	Transfer to accumulated surplus	-	(797)
	Balance at end of reporting year	771	667
	Contributions for C13 infrastructure reserve		
	<i>The C13 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure.</i>		
	Balance at beginning of reporting year	-	-
	Transfer from accumulated surplus	60	-
	Transfer to accumulated surplus	-	-
	Balance at end of reporting year	60	-
	Total statutory reserve	5,533	5,250
	Total reserves	891,159	879,301

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 26		
Reconciliation of operating result with net cash from operations		
Result from ordinary activities	5,281	33,041
Depreciation (see Note 12)	12,016	11,167
Loss on disposal of property, plant and equipment (see Note 8)	762	1,509
Loss/(profit) on joint venture	-	(39)
Recognition of assets for the first time	-	(27,488)
Derecognition of Rupert Bunny Trust Fund	-	280
Change in assets and liabilities:		
(Increase)/decrease in receivables	118	466
(Increase) in accrued income	(350)	(152)
(Increase) in prepayments	(1,062)	(52)
Increase/(decrease) in payables & trust funds	(2,806)	1,120
Increase/(decrease) in provisions	57	(320)
Increase in employee benefits	733	510
Net cash provided by operating activities	14,749	20,042
Note 27		
Reconciliation of cash at year-end to cash assets		
Cash deposits (see Note 15)	1,609	1,447
Cash equivalents - Bank Bills with maturity less than 3 months	19,300	11,250
	20,909	12,697
Note 28		
Financing arrangements		
Bank overdraft	1,500	1,500
Used facilities	-	-
Unused facilities	1,500	1,500
Credit Card Facilities	38	29
Used facilities	1	6
Unused facilities	37	23
Note 29		
Restricted assets		
Council has Cash Assets (Note 15) that are subject to restrictions. As at the reporting date; Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
Trust Funds (Note 21)	471	496
Long service leave (Note 22)*	3,800	3,000
Statutory reserve balances (Note 25)	5,533	5,250
	9,804	8,746

* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in the note due to a different basis of calculation prescribed by the regulation.

Additionally, included in Assets Note 19 'Property, infrastructure, plant and equipment' are housing assets which have restrictions on them. These assets which total \$26.2 million (2003/2004: \$30.2 million) are used for community housing and were purchased with assistance from State Government funding. This funding imposes restrictions preventing Council from using these assets for any other purpose. If the funding conditions in the respective funding agreements for each property are defaulted upon, Council is liable to repay to the State Government an amount determined in those agreements. Based upon the \$26.2 million written down value included in the accounts, the amount that would be required to be repaid to the State Government in a default situation would be \$18.1 million (2003/2004: \$18.1 million).

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 30 Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, each of which is funded differently.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% in both 2005 and 2004) required under Commonwealth Superannuation Guarantee Legislation. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund:

Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Fund's Trustee on the advice of Towers Perrin, the Fund's actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2002, the Trustee has determined that the Council should make the following contributions:

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to its retrenched employees (same as previous year);
- Council's share of the funding shortfall in the Local Authorities Superannuation Fund Defined Benefit Plan of \$127m at 31 December 2002. Council's share was \$3.23M and was paid in full in 2002/03. The funding or "actuarial" shortfall is the amount by which the current value of assets plus expected future contributions is less than the value of expected future benefits and expenses. The Local Authorities Superannuation Fund Defined Benefit Plan is operated as a mutual plan.

The Fund's liability for accrued benefits was determined in the 31 December 2002 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31-Dec-02
	\$'000
Net market value of assets	2,013,748
Accrued benefits (per accounting standards)	2,085,204
Difference between assets and accrued benefits	(71,456)
Vested benefits	2,013,156

Details of contributions to superannuation funds during the year and contributions payable at year end are as follows:	2005	2004
	\$'000	\$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,815	2,832
Employer contributions payable to Local Authorities Superannuation Fund at reporting date	-	29
	2,815	2,861

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 31 Commitments

The Council has entered into the following contracts:

2005	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Operating				
Assurance Services/Internal audit	60	60	-	120
Civil infrastructure construction	8,939	4,564	-	13,503
Cleaning	4,917	16,635	-	21,552
Community Centre Maintenance	25	131	-	156
Financial system support	114	-	-	114
Food production (Aged and Community care)	765	796	-	1,561
Mailing equipment	2	7	-	9
Parking services	2,412	3,642	-	6,054
Town Planning	276	-	-	276
Rates management	705	2,385	-	3,090
Recycling collection	1,250	5,000	2,500	8,750
Rubbish collection	1,496	5,815	2,880	10,191
Security services	381	381	-	762
Street tree & parks maintenance	4,236	4,236	-	8,472
Valuations and property mgt. services	375	-	-	375
	25,953	43,652	5,380	74,985
Capital				
Construction	1,812	-	-	1,812
	27,765	43,652	5,380	76,797
<hr/>				
2004	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Operating				
Air conditioning system	34	-	-	34
Assurance Services/Internal audit	60	120	-	180
Autocite machines	5	-	-	5
Civil infrastructure construction	6,460	-	-	6,460
Cleaning	960	-	-	960
Community Centre Maintenance	45	223	-	268
Computer Services	240	-	-	240
Election Services	282	-	-	282
Employee Support	15	-	-	15
Financial system support	20	-	-	20
Food production	368	1,561	-	1,929
Mailing equipment	2	10	-	12
Parking services	1,162	1,706	-	2,868
Rates management	665	3,090	-	3,755
Recycling collection	162	-	-	162
Rubbish collection	445	-	-	445
Security services	375	-	-	375
Software licences	34	-	-	34
Street tree & parks maintenance	2,742	11,253	-	13,995
Syringe disposal services	55	-	-	55
Valuations and property mgt. services	530	-	-	530
	14,661	17,963	-	32,624
Capital				
Construction	1,604	-	-	1,604
	16,265	17,963	-	34,228

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 32		
Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities).		
Not later than one year	988	945
Later than one year and not later than five years	739	761
	1,727	1,706
Note 33		
Contingent liabilities and contingent assets		
Contingent liabilities		
Superannuation		
Council has possible future obligations in respect of the defined benefits category of the Local Authorities Superannuation Fund. Refer Note 30		
Public Liability		
As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$240 million of public liability insurance and has an excess between \$7,500 and \$10,000 on this policy in 2004/2005. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Civic Mutual Plus. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.		
Professional Indemnity		
As a local authority with statutory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$200 million of public liability insurance and has an excess of \$20,000 on this policy in 2004/2005. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Civic Mutual Plus. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.		
Legal matters		
The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised and the financial outcome cannot be determined a contingency of \$50,000 has been included.		
	50	159
Contingent assets		
Open space contributions		
Council estimates that \$1.62 million of assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.		
	1,615	1,240

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 34 Financial Instruments

(a) Accounting policy, terms and conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash assets	15	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned floating interest rates of between 5.15% and 5.40% in 2004/2005. The interest rate at balance date was 5.40% in 2004/2005 (2003/2004: 4.75% and 6.01%).
Other financial assets	16	Investments and Bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	Term Deposits and Bank Bills returned fixed interest rates of between 5.51% and 6.72% in 2004/2005 (2003/2004: 4.63%).
Receivables Rates debtors	17	Rates are carried at nominal amounts due plus penalty interest and legal fees on overdue rates. Rate debts are a charge attached to the rateable land that is recoverable on sale, therefore, no provision for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by four instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was 12.00% (11.25% in 2003/2004) at balance date for general rates. Interest rates charged for Special Rate and Private Street Schemes was 12.00% at balance date (11.25% in 2003/2004).
Parking infringement	17	PINS/PERIN Court debtors are measured at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	Parking infringements are unsecured. 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.
Other debtors	17	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and do not attract interest. Credit terms are based between 14 and 30 days depending on nature of service.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Financial Liabilities

Payables	20	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.
Interest-bearing liabilities	23	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings was fixed at 6.15% in 2004/2005 (6.15% in 2003/2004).
Trust Funds	21	Funds received on behalf of 3rd parties and to which CoPP has no present entitlement are carried at the gross amount and do not attract interest.	Trust funds are unsecured, not subject to interest charges and vary in the timing of settlement in accordance with their specific terms.

(b) Interest rate risk

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

2005

	Floating Interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash assets	1,609	19,300	-	-	-	20,909
Other financial assets	-	7,000	-	-	-	7,000
Receivables	-	-	-	-	11,985	11,985
Accrued income	-	-	-	-	614	614
Total financial assets	1,609	26,300	-	-	12,599	40,508
Weighted average interest rate	5.40%	5.99%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	6,212	6,212
Trust funds	-	-	-	-	471	471
Interest-bearing liabilities	-	812	3,792	4,840	-	9,444
Total financial liabilities	-	812	3,792	4,840	6,683	16,127
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	1,609	25,488	(3,792)	(4,840)	5,916	24,381

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

2004	Fixed interest maturing in:					Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
Financial assets						
Cash assets	12,697	-	-	-	-	12,697
Other financial assets	-	14,500	-	-	-	14,500
Receivables	-	-	-	-	11,829	11,829
Accrued income	-	-	-	-	264	264
Total financial assets	12,697	14,500	-	-	12,093	39,290
Weighted average interest rate	4.75%	5.64%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	8,853	8,853
Trust funds	-	-	-	-	496	496
Interest-bearing liabilities	-	764	2,592	6,852	-	10,208
Total financial liabilities	-	764	2,592	6,852	9,349	19,557
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	12,697	13,736	(2,592)	(6,852)	2,744	19,733

(c) Net fair values

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

Financial Instruments	Total carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash assets	20,909	12,697	20,909	12,697
Other financial assets	7,000	14,500	7,000	14,500
Receivables	11,985	11,829	11,985	11,829
Accrued income	614	264	614	264
Total financial assets	40,508	39,290	40,508	39,290
Financial liabilities				
Payables	6,212	8,853	6,212	8,853
Trust funds	471	496	471	496
Interest bearing liabilities	9,444	10,208	9,444	10,208
Total financial liabilities	16,127	19,557	16,127	19,557

(d) Credit risk

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

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 35 Auditors' remuneration	2005	2004
	\$'000	\$'000
Audit fee to conduct external audit - Victorian Auditor-General	52	55
Internal audit fees and other like services - WHK Dav Neilson	65	60
	117	115

Note 36 Related party transactions

(i) Responsible Persons

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

Councillors Darren Ray (Councillor 1/7/04 to 27/11/04. Mayor to current)

Dick Gross (Mayor to 27/11/04. Councillor to current)

Peter Logan (Councillor for full year)

Liz Johnstone (Councillor to 27/11/04)

David Brand (Councillor to 27/11/04)

Julian Hill (Councillor to 27/11/04)

Carolyn Hutchens (Councillor to 27/11/04)

Janet Bolitho (Councillor from 27/11/04)

Janet Cribbes (Councillor from 27/11/04)

Karen Sait (Councillor from 27/11/04)

Judith Klepner (Councillor from 27/11/04)

Chief Executive Officer David Spokes

(ii) Remuneration of Responsible Persons

Annual remuneration of responsible persons were within the following bands:

	2005	2004
	No.	No.
\$0 - \$10,000	4	0
\$10,001 - \$20,000	5	5
\$20,001 - \$30,000	1	1
\$30,001 - \$40,000	1	1
\$220,001 - \$230,000	-	1
\$230,001 - \$240,000	1	-
	12	8

	\$'000	\$'000
Total remuneration for the year for Responsible Persons above amounted to	381	364

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

-
- (iii) No retirement benefits have been made by the Council to a Responsible Person (2003/2004, Nil).
- (iv) No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2003/2004, Nil).
- (v) Other Transactions
No transactions, other than remuneration payments or the reimbursement of approved expenses, were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons, during the reporting year (2003/2004, Nil).
- (vi) Senior Officers Remuneration
A Senior Officer, other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration of \$100,000 or greater. The number of Senior Officers, other than Responsible Persons, are shown below in their relevant income bands:

Income Range:	2005 No.	2004 No.
\$100,001 - \$110,000	3	6
\$110,001 - \$120,000	7	2
\$120,001 - \$130,000	2	1
\$140,001 - \$150,000	-	1
\$150,001 - \$160,000	1	3
\$160,001 - \$170,001	3	-
	16	13
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers	2,010	1,579

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 37 Joint venture information

JOINT VENTURE - STREETS AHEAD CLEANING SERVICE

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

Due to a change in accounting policy, the results from operations and each of the assets and liabilities are now incorporated into Council's main accounts with effect from 1 July 2004. Consequently as a result of this consolidation, the specific non-current asset "Investment in joint venture" is no longer carried in the Statement of Financial Position from 2005.

Council's portion of profit derived from the Joint Venture operations to 30 June 2005 was \$82,120 (2003/2004: \$38,670).

	2005 \$'000	2004 \$'000
Revenue from ordinary activities	3,095	2,896
Expenses from ordinary activities	3,013	2,857
Result from ordinary activities	82	39
Total movements directly recognised as equity	82	39
Council's share of the joint venture assets and liabilities are as follows:		
	2005 \$'000	2004 \$'000
Current assets		
Cash assets	214	313
Receivables	274	274
Other financial assets	500	350
Other	45	15
Total Current Assets	1,033	952
Non-current assets		
Property, plant and equipment	197	224
Total Non-current Assets	197	224
Total Assets	1,230	1,176
Current liabilities		
Payables	144	140
Employee benefits	222	262
Total Current Liabilities	366	402
Non-current liabilities		
Employee benefits	240	231
Total Non-current Liabilities	240	231
Total Liabilities	606	633
Net Assets employed in Joint Venture	624	543
Equity		
Accumulated surplus	152	71
Joint Venturers' Equity	472	472
Equity employed in Joint Venture	624	543

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 38 Revenues, expenses and assets by function/activity.

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

	Urban Services		City Development		Corporate Management		Community &		Other* Not		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
REVENUE												
Grants	2,001	2,118	204	1,049	1,874	1,795	6,134	5,065	-	-	10,213	10,027
Proceeds from sales	-	-	-	-	-	6	-	-	-	-	-	6
Other	1,008	3,617	23,581	26,209	7,391	7,398	5,438	4,826	61,873	80,540	99,291	122,590
TOTAL REVENUE	3,009	5,735	23,785	27,258	9,265	9,199	11,572	9,891	61,873	80,540	109,504	132,623
EXPENSES	33,296	35,324	17,201	16,691	29,216	24,918	24,550	22,649	-	-	104,263	99,582
NET SURPLUS/(DEFICIT) FOR YEAR	(30,287)	(29,589)	6,584	10,567	(19,951)	(15,719)	(12,978)	(12,758)	61,873	80,540	5,241	33,041
TOTAL ASSETS BY DIVISION	6,471	8,736	984	2,116	1,412,689	1,394,518	23	31	39,178	37,951	1,459,345	1,443,352

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

ACTIVITIES

Urban Services

Responsible for information systems and ensuring effective delivery of environmental and engineering services.

The Division includes the following Departments:

Infrastructure & Environment, Asset Planning, City Works & Services, and Information Management Group.

City Development

Responsible for strategic planning and facilitation, building and planning, urban design and architecture as well as neighbourhood amenity services.

The Division includes the following Departments:

Neighbourhood Development, Urban Design & Architecture, Health & Amenity, Planning & Building, City Strategy, and Corporate Planning & Strategy.

Corporate Management

Responsible for internal business support, financial management, and property and regulatory services.

The Division includes the following Departments:

Finance & Investments, Governance & External Relations, South Melbourne Market, and Service Access & Performance.

Community & Cultural Vitality

Responsible for ensuring effective access and delivery of community services as well as human resources.

The Division includes the following Departments:

Social Development, Culture & Recreation, Social & Cultural Planning & Policy, and Organisation Development.

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 39	Financial ratios	2005 \$'000	2004 \$'000	2003 \$'000
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)				
	Debt servicing costs	<u>604</u> = 0.55%	<u>652</u> = 0.62%	<u>687</u> = 0.69%
	Total revenue (excludes revaluation reserve write back and gain from recognition of assets for the first time.)	109,544	105,168	98,999
Debt servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft.				
The ratio expresses the amount of interest paid as a percentage of Council's total revenue.				
(b) Debt commitment ratio (to identify Council's debt redemption strategy)				
	<u>Debt servicing & redemption costs</u>	<u>1,368</u> = 2.33%	<u>1,371</u> = 2.44%	<u>1,364</u> = 2.69%
	Rate revenue	58,696	56,087	50,681
The strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.				
(c) Revenue ratio (to identify Council's dependence on rate income)				
	Rate revenue	<u>58,696</u> = 53.58%	<u>56,087</u> = 53.33%	<u>50,681</u> = 51.19%
	Total revenue (excludes revaluation reserve write back and gain from recognition of assets for the first time.)	109,544	105,168	98,999
The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.				
(d) Debt Exposure Ratio (to identify Council's exposure to debt)				
	<u>Total debt</u>	<u>13,579</u> = 1:25.49	<u>16,784</u> = 1:20.60	<u>16,133</u> = 1:17.96
	Total realisable assets	346,158	345,812	289,771
For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use. Any liability represented by a restricted asset (Note 29) is excluded from total indebtedness.				
The following assets are excluded from total assets when calculating Council's realisable assets: controlled land, controlled buildings, roads streets and bridges, drainage, heritage assets, works of art and restricted assets.				
This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.				
(e) Working Capital Ratio (to assess Council's ability to meet current commitments)				
	<u>Current assets</u>	<u>39,178</u> = 3.68:1	<u>36,885</u> = 2.86:1	<u>42,015</u> = 3.53:1
	Current liabilities	10,659	12,884	11,910
The ratio expresses the level of current assets the Council has available to meet its current liabilities.				

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 40	Comparison of Actual to Budget Results	Rate Determination			
		2005 Actual \$'000	2005 Budget \$'000	2004 Actual \$'000	2004 Budget \$'000
	Revenue from ordinary activities				
	Rates	58,696	57,622	56,085	54,634
	Grants	7,757	6,911	8,451	7,301
	Interest	1,438	1,050	1,437	1,050
	Grants commission	1,614	1,568	1,574	1,594
	Charges, fees, fines	28,883	29,947	27,961	26,386
	Contributions	3,354	1,987	2,380	1,880
	Other	6,584	5,849	6,206	4,963
	Total Revenue from ordinary activities	108,326	104,934	104,094	97,808
	Expenses from ordinary activities				
	Employee costs	37,950	34,414	34,436	29,648
	Materials and contracts	29,049	30,235	27,617	27,610
	Utility payments	1,785	2,072	2,089	2,142
	Depreciation	-	-	-	-
	Professional services	2,981	2,784	3,785	3,456
	Borrowing costs expense	604	610	652	655
	Other expenses	15,085	16,385	17,373	16,379
	Total Expenses from ordinary activities	87,454	86,500	85,952	79,890
	Surplus after ordinary activities	20,872	18,434	18,142	17,918
	Capital expenditure	(18,080)	(19,769)	(21,499)	(25,313)
	Prior Year Write Back of Assets	1,154	-	-	-
	Proceeds from disposal of assets	-	-	6	260
	Loan Repayments	(764)	(764)	(719)	(719)
	Reserve transfers (net)	(248)	601	1,206	(410)
	Brought Forward Surplus 2003/2004	6,971	6,971	9,836	9,981
	Surplus	9,905	5,473	6,972	1,717

NOTES TO THE FINANCIAL PERFORMANCE

For the year ended 30 June 2005

Note 41	Capital expenditure	2005	2004
		\$'000	\$'000
	Capital expenditure areas:		
	Roads, footpaths and bridges	3,603	7,028
	Drainage	1,140	2,052
	Buildings	6,341	7,399
	Land improvements	1,125	3,112
	Plant and equipment	1,013	622
	Furniture and fittings	1,819	1,353
	Heritage assets and works of art	54	40
	Total capital works	15,095	21,606
	Represented by:		
	Renewal	5,037	8,543
	Upgrade	7,766	9,208
	Expansion	-	-
	New assets	2,292	3,855
	Total capital works	15,095	21,606

The movement between the previous year and the current year in property, infrastructure, plant and equipment movement as shown in the Statement of Financial Position links to the net of the following items:

Total capital works	15,095	21,606
Asset revaluation movement	12,859	389,768
Depreciation	(12,016)	(11,167)
Written down value of assets sold	(762)	(1,515)
Assets recognised for the first time	-	27,488
WIP write off to operating expenses	(1,154)	-
Joint venture assets consolidated	234	-
Net movement in property, plant & equipment	14,256	426,180

(a) Renewal

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

(b) Upgrade

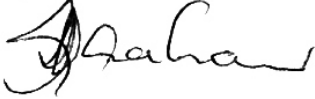
Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will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

(c) Expansion

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

CERTIFICATION OF THE FINANCIAL REPORT

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



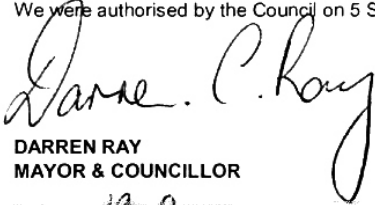
DAVID GRAHAM
PRINCIPAL ACCOUNTING OFFICER

Date: 19/09/2005
St Kilda

In our opinion, the accompanying financial report presents fairly the financial transactions of the City of Port Phillip for the year ended 30 June 2005 and the financial position of the Council as at that date.

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

We were authorised by the Council on 5 September 2005 to certify the financial report in its final form on behalf of the Council.



DARREN RAY
MAYOR & COUNCILLOR

Date: 19/9/2005
St Kilda



JANET BOLITHO
DEPUTY MAYOR & COUNCILLOR

Date: 19/9/2005
St Kilda



DAVID SPOKES
CHIEF EXECUTIVE OFFICER

Date: 15/19/2005
St Kilda



AUDITOR GENERAL
VICTORIA
INDEPENDENT AUDIT REPORT

City of Port Phillip

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2005 relates to the financial report of City of Port Phillip included on its web site. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2005 of City of Port Phillip consists of the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows, notes to and forming part of the financial report, and the supporting declaration.

The accompanying standard statements for the year ended 30 June 2005 of the Council consists of the standard statement of financial performance, standard statement of financial position, standard statement of cash flows, standard statement of capital works, the related notes and the supporting declaration.

Councillors' Responsibility

The Councillors of City of Port Phillip are responsible for:

- the preparation and presentation of the financial report and the standard statements, and the information they contain, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act* 1994, an independent audit has been carried out in order to express an opinion on the financial report and standard statements. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report and standard statements
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Councillors
- obtaining written confirmation regarding the material representations made in conjunction with the audit

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

- reviewing the overall presentation of information in the financial report and standard statements.

These procedures have been undertaken to form an opinion as to whether:

- the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act 1989*, so as to present a view which is consistent with my understanding of the Council's financial position, and its financial performance and cash flows
- the standard statements are presented fairly in accordance with the basis of preparation described in note 1, comply with the requirements of the *Local Government Act 1989*, and the "actual" amounts are correctly extracted from the financial report. While the standard statements have to be prepared on a basis consistent with the financial report they are not required to meet all of the presentation requirements of Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

Audit Opinion

In my opinion:

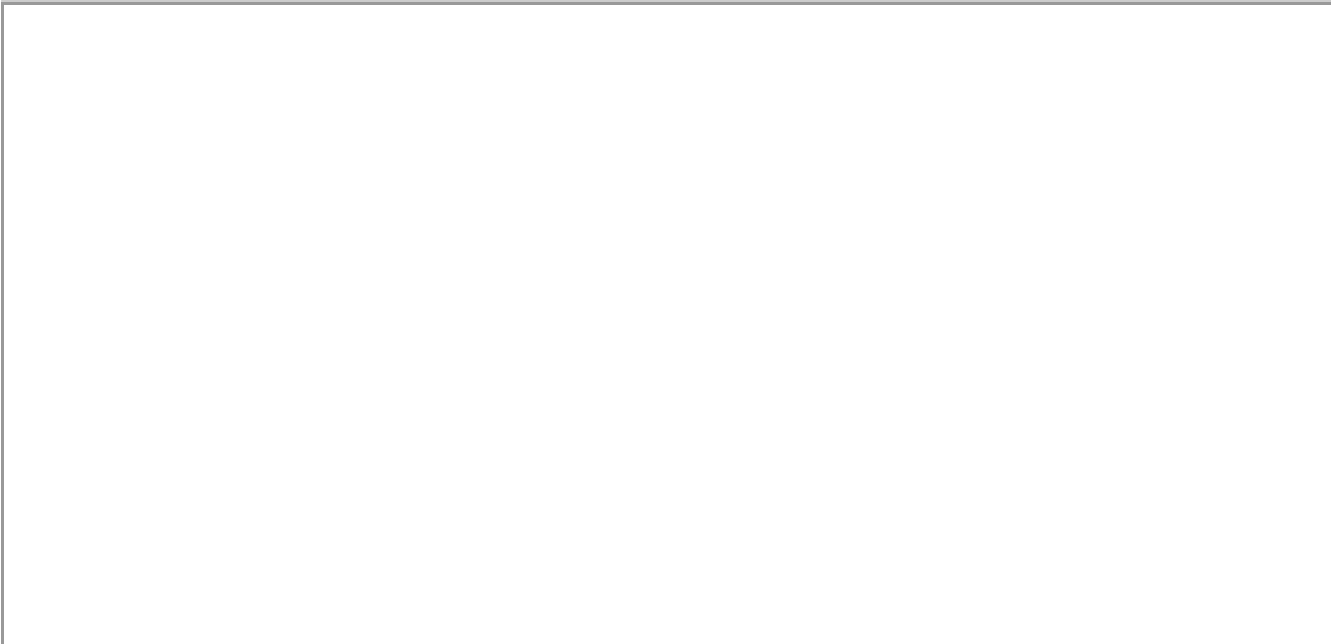
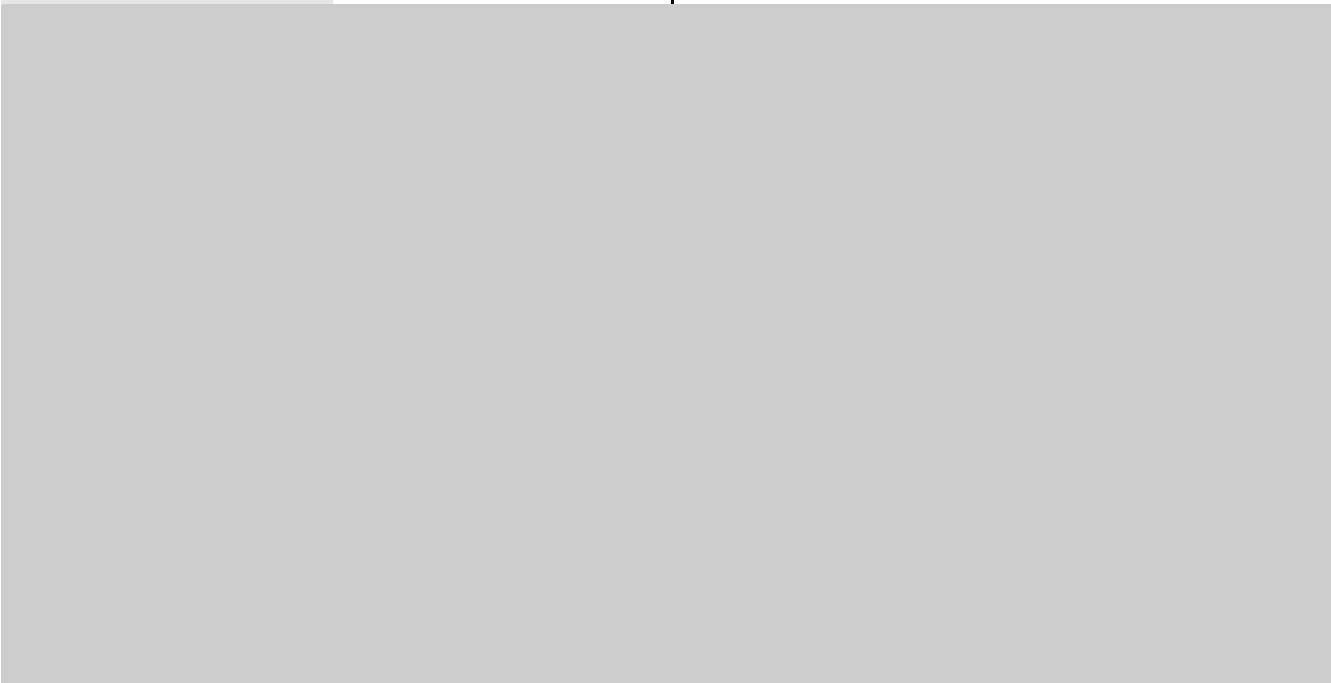
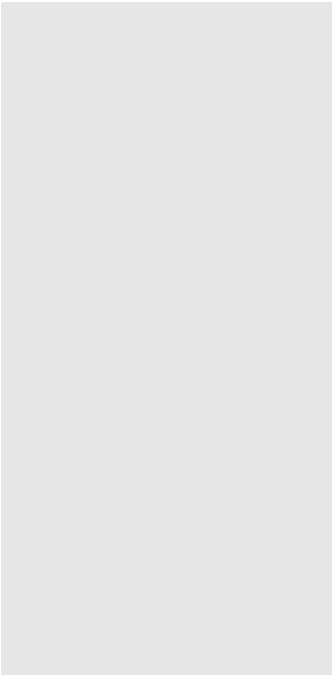
- (a) the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act 1989*, the financial position of City of Port Phillip as at 30 June 2005 and its financial performance and cash flows for the year then ended
- (b) the standard statements are presented fairly in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
19 September 2005



JW CAMERON
Auditor-General

OTHER STATUTORY REPORTS



PERFORMANCE STATEMENT

Performance Statement

Each year the City of Port Phillip prepares a performance statement to report on its achievement of the key strategic activities. This performance statement is subject to external audit.

This performance statement reports on these activities and comments on the performance measures and targets that we set ourselves in May 2004 when the 2004/2005 budget was prepared.

No	Key Strategic Activity	Performance Measure	Target	Actual	Comment
1	Same Day Service	Good contact record - Percentage of people who say they have not been contacted by council about their request/complaint.	5%	21%	Our market research shows that while this target has not been met, we have made a 50% improvement on the previous year where 44% stated that the council had not contacted them. This area will continue to be a key focus in 2005/06.
		All contacts with the person are recorded and all actions taken are recorded	100% compliance	95%	Our records show that 95% of all actions were recorded.
2	Port Phillip Accommodation strategy	Management of project in accordance with approved milestones	Planning approval to redevelop St Kilda town hall received by Nov 2004	Planning approval achieved in Nov 2004	Achieved
			Building contract signed by Feb 2005	Not achieved	The scope of the initial contract was expanded to bring forward major maintenance works and infrastructure fit-out in order to achieve overall cost and time savings. Whilst this has resulted in a delay in the signing of the building contract, overall implementation time will be reduced and the project delivery is still on track for 2007.
3	St Kilda's Edge	Adequate governance arrangements and Government support for St Kilda's Edge	Legislation approval by June 2005	April 2005	This has been achieved by an agreement instead of by legislation. Council has entered into an agreement with the Department of Sustainability and Environment, which provides for adequate governance arrangements, the possibility of future legislation if required as well as government support.
		Transfer of remaining crown land sites in St Kilda's Edge precinct (five sites) to the council	By June 2005	1 transfer (West Beach Pavilion) achieved by June 2005	Of the remaining 4 crown land sites, an agreement has been reached with the timing of the transfer of 2 of the sites. Transfer of the remaining two sites will continue to be pursued.

PERFORMANCE STATEMENT

No	Key Strategic Activity	Performance Measure	Target	Actual	Comment
		Significant progress on the redevelopment of the triangle site	Development proposal agreed for triangle site by June 2005	Not achieved	This target has not been achieved due to a number of delays beyond the immediate control of the council. However there has been significant progress on the redevelopment of the triangle site. The Council has advertised and received a number of Expressions of Interest to redevelop the site, the Request For Proposals to a short list of consortia has been prepared and will soon be issued and it is anticipated that the development proposal for the site should be agreed by the end of June 2006.
		Expenditure of capital works budget in St Kilda's Edge precinct	\$890,000 spent in 2004/05	\$701,100 spent in 2004/05	Approximately 80% of the capital works has been spent in 04/05. The remaining 20% will be carried over and spent in 2005/06.
		West Beach contract let and works commenced	Jun 2005	Not achieved	The West Beach contract was let in July 2005 and works are expected to commence in mid 2006 following the Commonwealth Games. The delay was due to some building and contractual issues which have now been resolved.
4	Greening Port Phillip	Number of new trees	1000 trees	1052 trees	Achieved.
		Hard space areas turned into green space areas	1 discrete area	Achieved	A median with trees was constructed in Liardet Street, from Bay to Pickles Street Port Melbourne
		Improved linkages between open spaces along the light rail line in Port Melbourne.	1 new linkage	Achieved	The Port Melbourne Light Rail Reserve Stage 3 was carried out.
5	Transport Advocacy	Percentage of community that perceives there are increased opportunities to take public transport within the municipality	50%	45%	The figure of 45% is an improvement on the previous year's figure of 43% and is indicative of the impact of council's transport advocacy leading to a greater community awareness of public transport opportunities within the municipality.
6	Melbourne 2030 – South Melbourne structure plan	Amendment approval to include South Melbourne Structure Plan into Port Phillip Planning Scheme	June 2005	March 2005	Achieved ahead of target date
		Planning approval for supermarket site on Red Bears site (instead of City Road site)	June 2005	June 2005	Achieved.

PERFORMANCE STATEMENT

No	Key Strategic Activity	Performance Measure	Target	Actual	Comment
7	Strong local service systems – community hubs in Port Melbourne, Elwood and Middle Park	Significant progress on implementation of community hubs within the municipality	Implementation of two new community hubs agreed to as recorded by council resolution by June 2005	Achieved by April 2005	Council agreed to implement 2 new community hubs, namely the Elwood Family and Children Services Hub (April 2005) and the South Melbourne Town Hall Community, Service and Cultural Centre (August 2004).
8	Memorandum of Understanding with Parks Vic /Grand Prix	Fulfilment of obligations in MOU as measured by quarterly report	100% compliance with all agreed obligations in March 2005 quarter report	Achieved	The Memorandum Of Understanding was executed in October 2004 and the obligations able to be delivered by 30 th June 2005 have all been achieved.
9	Port Melbourne waterfront/ Princes Pier precinct	Agreement with DSE on planned expenditure for promenade and operational management operations	June 2005	Not achieved	Significant effort was put into progressing this topic, however an agreement has not yet been reached. Council was one of many participants in the Port Melbourne Foreshore Precinct Committee, which has met to resolve public realm and infrastructure improvements. The Committee's final report is due to be presented to the Minister for Planning in August 2005. The Council will continue to focus on achieving an agreement that includes a net positive financial transfer to council.
		Approved design outcomes for a modified Princes Pier by Minister for Planning	March 2005	Not Achieved	This topic is tied up with the above. It is expected that there will be a decision on the future of Princes Pier in response to the Committee's final report by the end of this year.
10	South Melbourne Market	Building upgrade in accordance with timetable	\$3,000,000 spent	\$1,892,900 spent	Approximately 65% of the expenditure target was met. Under expenditure was due to delays in finalising contracts and to avoid disruption to Xmas 2004 retail trading at the market, an overly optimistic performance target in the rate of actual expenditure achievable for 2004/05 and normal timing lag in approving progress claims. However, considerable progress has been made on site during 2004/05 and the overall project remains on target to be completed by August 2006.

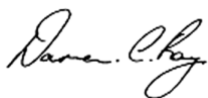
COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2004/2005 financial year is presented fairly in accordance with the *Local Government Act 1989*.

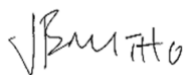
The statement outlines the performance targets and measures that Council is required by statute to publish as part of the annual report.

The Council Plan sets out these measures in relation to the achievement of the key strategic activities for the 2004/2005 financial year.

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



Darren Ray
Mayor and Councillor
Dated: 15/09/2005



Janet Bolitho
Deputy Mayor and Councillor
Dated: 15/09/2005



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

City of Port Phillip

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This audit report for the financial year ended 30 June 2005 relates to the performance statement of City of Port Phillip included on its web site. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

Scope

The Performance Statement

The accompanying performance statement for the year ended 30 June 2005 of City of Port Phillip consists of the statement, the related notes and the supporting declaration.

Councillors' Responsibility

The Councillors of City of Port Phillip are responsible for the preparation and presentation of the performance statement and the information it contains.

Audit Approach

As required by the *Local Government Act 1989*, an independent audit has been carried out in order to express an opinion on the performance statement. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the statement
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the statement.

These procedures, which did not extend to an assessment of the relevance or the appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act 1989*.

The audit opinion expressed in this report has been formed on the above basis.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

Independence

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

Audit Opinion

In my opinion, the performance statement of City of Port Phillip in respect of the 30 June 2005 financial year is presented fairly in accordance with the *Local Government Act* 1989.

MELBOURNE
19 September 2005



JW CAMERON
Auditor-General

VICTORIAN LOCAL GOVERNMENT INDICATORS

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

Category	Indicator	Definitions	Our Result 02/03	Our Result 03/04	Our Result 04/05
Overall performance	Community satisfaction rating for overall performance generally of the council	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 1), coordinated by the Department for Victorian Communities - Local Government Victoria.	68	69	68
Advocacy	Community satisfaction rating for council's advocacy and community representation on key local issues	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 4), coordinated by the Department for Victorian Communities - Local Government Victoria.	67	68	64
Engagement	Community satisfaction rating for council's engagement in decision making on key local issues	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 5) coordinated by the Department for Victorian Communities - Local Government Victoria.	65	67	63
All rates	Average rates and charges per assessment	Rates and charges declared as being receivable, in the calculations for the adopted rates, at the beginning of the year, including: <ul style="list-style-type: none"> • general rates and charges declared under ss.160, 161, 161A of the <i>Local Government Act 1989</i> • municipal charges and service rates and charges (i.e. garbage services) levied under ss.159, 162 respectively • supplementary rates declared, • divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). 	\$959	\$1,009	\$1,037
Residential rates	Average residential rates and charges per assessment	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "all rates", except for residential assessments only, divided by the number of residential assessments used in the calculation of the adopted rate (that is, when the rate was struck).	\$780	\$820	\$867
Operating costs	Average operating expenditure per assessment	Operating expenditure per the statement of financial performance including asset sales and depreciation, divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). Note: Where major factors of expenditure such as devaluations or transfers of assets are excluded, councils should provide a note explaining what has been excluded.	\$1,800	\$1,796	\$1,846

VICTORIAN LOCAL GOVERNMENT INDICATORS

Category	Indicator	Definitions	Our Result 02/03	Our Result 03/04	Our Result 04/05
Capital expenditure	Average capital expenditure per assessment	<p>Amount capitalised to the statement of financial position and contributions by a Local Government to major assets not owned by the Local Government, including expenditure on:</p> <ul style="list-style-type: none"> capital renewal of existing assets which returns the service potential or the life of the asset to that which it had originally capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users capital upgrade which upgrades an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally, <p><i>divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).</i></p> <p>N.B. Exactly what is included as capital expenditure will vary according to the Local Government's policy in defining the 'asset' and its 'life'.</p>	\$278	\$391	\$267
Infrastructure	Renewal	<p>Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally to the long-term AAAC*, divided by useful life, and totalled for each and every infrastructure asset to give one ratio.</p> <p><i>* The Average Annual Asset Consumption (AAAC) is the amount of a Local Government's asset base consumed during a year based on current replacement cost (that is, cost or fair value).</i></p>	66%	101%	104%
Infrastructure	Renewal and maintenance	<p>Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally plus current spending on maintenance to AAAC* plus planned maintenance (that is, the expected level of maintenance which was used in the calculation of the useful life of the asset), divided by useful life, and totalled for each and every infrastructure asset to give one ratio.</p>	80%	103%	109%
Debts	Average liabilities per assessment	<p>Total liabilities as per the statement of financial position less items held in trust (reflected in assets also held), divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).</p> <p>N.B. Items held in trust does not include employee leave entitlements such as long service leave.</p>	\$476	\$483	\$406
Operating result	Operating result per assessment	<p>Bottom line per statement of financial performance, divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).</p> <p>A note should be provided to this indicator explaining any major factors including their dollar amount, which have contributed to the result. For example, capital grants, developers contributions, revaluations of non current assets and what the result would be excluding these factors.</p> <p>N.B. Surpluses should be shown as positive and losses or deficits as negatives.</p>	(\$87)	\$600	\$94

CERTIFICATION OF THE VICTORIAN LOCAL GOVERNMENT INDICATORS

In my opinion, the Victorian Local Government Indicators in the accompanying statement are presented fairly, and indicate the council's performance for the period ending 30 June 2005. I confirm that the indicators were calculated in accordance with the definitions as provided by the Local Government Victoria and Community Information Division in July 2004 (Circular 22/04).

I certify the accuracy of the indicators and confirm that there is a documented methodology and a reliable system to store the data.

As at the date of this certification, I am not aware of any circumstances which would render any particulars in the attached statement of indicators to be misleading or inaccurate.



David Spokes
Chief Executive Officer

Date: 15/09/05

FREEDOM OF INFORMATION

Freedom of information (FOI) is associated with open government and the democratic process. It is crucial in giving citizens access to government information and enabling them to participate in how they are governed. The Freedom of Information Act (Victoria) 1982 gives members of the public a legal right of access to certain documents held by the council. The word 'documents' covers a broad range of media including maps, films, microfiche, photographs, computer printouts, emails, computer discs, tape recordings and videotapes.

Alongside the freedom of information process, the City of Port Phillip responds to numerous informal requests for information.

Requests for access to council documents under this Act must be in writing and should provide sufficient information to identify the particular document(s) being sought. The Act also stipulates that an application fee must accompany each request. Enquiries regarding freedom of information can be directed to the City of Port Phillip's ASSIST Centre.

Responsible Officer: Alli Griffin, Team Leader Statutory Functions

Principal Officer: David Spokes, Chief Executive Officer

Freedom of Information Statistics

	2001/2002	2002/2003	2003/2004	2004/2005
Freedom of information applications received	35	40	23	23
Access granted in full	12	14	7	4
Access granted in part	17	18	12	14
Access denied in full	6	4	1	1
Request withdrawn	0	0	1	3
Requests still under consideration at end of the financial year	1	1	2	0
No documentation found	0	2	0	3
Request transferred to another agency	0	1	0	0
Internal reviews sought	0	1	0	1
Appeals lodged with Victorian Civil and Administrative Tribunal	0	0	0	0
Application fees collected	\$560	\$740	\$420	\$408.50
Application fees waived	\$140	\$40	\$40	\$41
Charges collected (search and copy charges)	not available	not available	\$80	\$162.20

PUBLIC DOCUMENTS

The following documents are available for public inspection.

To inspect accounts documents, contact the Finance unit. For all other documents, contact the Statutory Functions unit unless otherwise stated. These units can be reached by contacting the City of Port Phillip's ASSIST Centre. In some instances, requests may need to be made in writing or on a specific form.

Accounts

- Operating statement
- Statement of financial position
- Notes to the financial statement

Other Documents

- Details of current allowances fixed for the mayor and councillors
- Details of senior officers' total salary packages for the current financial year and the previous year
- Details of overseas or interstate travel undertaken in an official capacity by councillors or any member of council staff in the previous 12 months
- Names of council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted
- Names of councillors who submitted returns of interest during the financial year and the dates the returns were submitted
- Agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings that have been closed to members of the public
- A list of all special committees established by the council and the purpose for which each committee was established
- A list of all special committees established by the council that were abolished or ceased to function during the financial year
- Minutes of meetings of special committees held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public
- A register of delegations
- Submissions received in accordance with the *Local Government Act* during the previous 12 months
- Agreements to establish regional libraries (not applicable)
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the council as lessor or lessee
- A register of authorised officers
- A list of donations and grants made by the council during the financial year
- A list of the names of the organisations of which the council was a member during the financial year
- A list of contracts valued at \$100,000 or more which the council entered into during the financial year without first engaging in a competitive process
- A list of local laws, including any amendments during the financial year
- A register of returns of interest submitted by councillors
- A register of notice of recision motions
- A register of documents signed and sealed by the council
- A register of notices calling for a special council meeting

WHISTLEBLOWERS

The City of Port Phillip is committed to the aims and objectives of the *Whistleblowers Protection Act 2001*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The *Whistleblowers Protection Act 2001* came into operation on 1 January 2002. The purpose of the Act is to encourage and facilitate disclosures of improper conduct by public officers and public bodies. The Act also provides protection for those who make the disclosures and those who may suffer reprisals in relation to those disclosures. The Act also provides for the matters disclosed to be properly investigated by the Ombudsman or the nominated investigator. The Act applies to all public bodies and public officers, including councillors and council staff.

In accordance with the *Whistleblowers Protection Act*, the following specific reporting requirements have been included in the City of Port Phillip's annual report:

The number and types of disclosures made to the City of Port Phillip during the year	nil
The number of disclosures referred during the year by the City of Port Phillip to the Ombudsman for determination as to whether they are public interest disclosures	nil
The number and types of disclosed matters referred to the City of Port Phillip during the year by the Ombudsman	nil
The number and types of disclosed matters referred during the year by the City of Port Phillip to the Ombudsman to investigate	nil
The number and types of investigations of disclosed matters taken over by the Ombudsman from the City of Port Phillip during the year	nil
The number of requests made under Section 74 (relates to persons making requests to the Ombudsman) during the year to the Ombudsman to investigate disclosed matters	nil
The number and types of disclosed matters that the City of Port Phillip has declined to investigate during the year	nil
The number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	nil
Any recommendations of the Ombudsman under the Act that relate to the City of Port Phillip	nil

The council has adopted a detailed whistleblowers protection procedures manual and specific guidelines for ASSIST and records management staff. The current procedures established by the City of Port Phillip under Part 6 of the *Whistleblowers Protection Act*, which relates to the establishment of procedures by public bodies are available on the council's website at www.portphillip.vic.gov.au

GLOSSARY

Annual community satisfaction survey for local governments

A survey relating to the community's satisfaction with local government across Victoria, coordinated by the Department for Victorian Communities.

Annual report

Details council's activities and achievements from each financial year (July to June).

The Local Government Act 1989 and the *Local Government (General) Regulations 2004* outline what is to be contained in the annual report, including:

- a report of the council's operations during the financial year
- audited financial statements for the financial year
- audited performance statement for the financial year

The report of operations provides an accurate description of the operations of the council for the year and includes a review of the performance of the council against the council's corporate plan.

The Victorian Auditor General is responsible for the audit of the financial statements and performance statement.

A copy of the annual report is sent to the Minister for Local Government by 30 September each year.

Annual snapshot

Summarises the council's activities and achievements from each financial year (July to June).

The annual snapshot is not audited.

The annual snapshot is distributed across the municipality with the council's community newsletter and is forwarded to those ratepayers who do not live in the municipality by mail.

ASSIST

Advice Solutions, Information Service Team (ASSIST) provides the community with a first point of contact for all council-related requests. The community can access the service by phone, fax and email or at the Port Melbourne, South Melbourne and St Kilda Town Halls. ASSIST staff are available to receive and resolve enquiries as they arise by liaising with other departments and council service providers.

Best value

Refers to the provision of services at a good price relative to the market, and where the standard of delivery responds closely to community needs. It is a way of approaching service delivery that the state government has identified for all councils within Victoria. It is based on six key principles. All services must be:

- measured against quality and cost standards
- responsive to the needs of the community
- accessible to those for whom the service is provided
- subject to continuous improvement
- linked to a program of regular community consultation
- subject to reporting of results to the community in relation to performance under the above principles

Budget

The council's short-term financial plan, which is based on and supported by a range of broad budget assumptions and parameters, as well as a clearly defined short-term (five-year) capital works plan.

Community

The Port Phillip community is comprised of all those who live, work in or visit the municipality.

Community governance

The means for ensuring citizens have an opportunity to participate in council decision making.

Community hub

A hub or hive of related activities/facilities that locate together or close to each other in order to share resources or audiences, or to support each other. The council supports these hubs as viable and vibrant places for the community to visit and use. The council's role is in coordinating planning and service delivery from these hubs and in urban design/planning to ensure these hubs function as well as possible and are attractive, safe and representative spaces.

GLOSSARY

Community Plan 1997

A document outlining aspirations of the Port Phillip community that were canvassed in the Community Summit held shortly after the 1996 council election (post amalgamation). The plan reflects the views of a wide cross section of the community and contains a vision for Port Phillip from 1997 to 2007. It includes a list of priority issues, which the community said were important in achieving the council's vision, and which have formed the basis of council's annual corporate plans since 1997.

Corporate governance

The system by which organisations are controlled and directed, including the relationship between elected representatives and senior management.

Corporate/council plan

A four-year framework that sets out the council's corporate objectives, strategies and indicators.

Enterprise agreement

An agreement between the council, unions and staff detailing conditions of employment benefits and entitlements.

Growing democracy project

A project which covers a number of linked council activities concerned with lifting the profile of and engagement with the community on issues such as citizen rights, responsibilities and participation, in order to support a more democratic and active community.

Health and Safety Community Plan 1999

A plan to create a healthy and safer Port Phillip by establishing and resourcing programs to improve health and life expectancy, and enhance the wellbeing of people within the municipality. The plan outlines a number of key programs to achieve these goals.

Melbourne 2030

Melbourne 2030 is the state government's plan for the growth and development of the Melbourne metropolitan area over the next 30 years. It provides a framework for governments at all levels to respond to the diverse needs of those who live and work in and near to Melbourne, and those who visit. It includes a set of principles and nine key directions.

Neighbourhood

The local area or suburb that a particular part of the Port Phillip community identifies with in terms of where they live and the community affiliation they feel. There are seven neighbourhoods within the municipality: Albert Park and Middle Park; East St Kilda; Elwood and Ripponlea; Port Melbourne and Garden City; South Melbourne; St Kilda; and St Kilda Road and Queens Road.

Place management

A way of planning, delivering and communicating services that is oriented towards meeting the needs and expectations of a particular place, be it a neighbourhood, a particular location such as the South Melbourne Market, or a neighbourhood shopping centre. It encourages an integrated approach to both the planning and delivery of council services.

In particular, place management considers how the place or neighbourhood experiences the services that the council is delivering and attempts to optimise the delivery of services from this perspective. To be effective, such an approach relies on community consultation and feedback on the planning and delivery of services to ensure that the council properly understands the needs of service recipients.

Port Phillip Online (PPoL)

The collective name for the council's internet development activities.

GLOSSARY

Same-day-service

A commitment by all staff to exercise personal judgment within agreed standards to respond on the day they receive a request.

An appropriate response is: accepting responsibility to see the problem through; fixing the request immediately; explaining what you will do to fix the problem and by when; explaining why you can't fix the problem; negotiating a compromise.

Same-day-service also means keeping the person informed and recording what is being done to fix the problem.

Service at Port Phillip is about entrenching an approach to service that responds to queries or requests in a quick, friendly and efficient manner.

Strategic resource plan

The council's plan on how it will allocate its financial and non-financial resources to achieve our objectives.

StAMP

An acronym for council's strategic asset management plan, which aims to ensure that the management and maintenance of assets takes a long-term view of costs and asset life to ensure the assets' sustainability.

Sustainable community progress indicators (SCPI)

An assessment system to enable the council to more accurately determine whether the collective actions of the council and the community are making our living systems more or less sustainable over the long-term.

Sustainable value service review

The council's program of regular reviews of services to ensure they are consistent with the best value legislation and the principles outlined under the best value definition.

Sustainability

Sustainability for Port Phillip is about establishing processes and actions that support economic viability, environmental responsibility, cultural vitality and social equity to ensure that we provide for future generations to the best of our current ability.

Victorian Local Government Indicators

Indicators against which all local governments within Victoria are required to assess their performance and report the results in their annual report.

WorkCover

The Victorian WorkCover Authority (VWA) is the manager of Victoria's workplace safety system.

WorkSafe

WorkSafe Victoria, the Victorian WorkCover Authority's occupational health and safety arm, takes the lead role in the promotion and enforcement of health and safety in Victorian workplaces.

CONTACT US

Contact Us

Council Offices

The City of Port Phillip operates from three main locations:

St Kilda Town Hall

Corner Carlisle Street and Brighton Road, St Kilda

Monday: 8.30 am - 6.00 pm

Tuesday - Friday: 8.30 am - 5.00 pm

Enquiry counter and cashier for paying fees and rates

South Melbourne Town Hall

208 Bank Street, South Melbourne

Monday, Wednesday, Thursday, Friday: 8.30 am - 5.00 pm

Tuesday: 8.30 am - 6.00 pm

Enquiry counter and cashier for paying fees and rates, planning and building approvals

Port Melbourne Town Hall

333 Bay Street, Port Melbourne

Monday - Friday: 8.30 am - 5.00 pm

Enquiry counter and cashier for paying fees and rates

Other Locations

Services are also provided from numerous outposts throughout Port Phillip, including libraries, community centres, maternal and child health centres, childcare centres, kindergartens, playgrounds, and a depot and transfer station.

Libraries

The City of Port Phillip operates five libraries:

Albert Park

319 Montague Street, Albert Park

Phone: (03) 9209 6622

Emerald Hill

195 Bank Street, South Melbourne

Phone: (03) 9209 6611

Middle Park

Corner Nimmo Street and Richardson Street, Middle Park

Phone: (03) 9209 6633

Port Melbourne

333 Liardet Street, Port Melbourne

Phone: (03) 9209 6644

St Kilda

150 Carlisle Street, St Kilda

(03) 9209 6655

Depot and Transfer Station

The Port Phillip depot and transfer station is located on the corner of White and Boundary Streets, South Melbourne. More information about the types of rubbish and recycling accepted from local residents and businesses is available on the council's website at www.portphillip.vic.gov.au or telephone (03) 9209 6533.

CONTACT US

ASSIST Centre

The City of Port Phillip ASSIST Centre provides the community with a first point of contact for all council-related requests. The community can access the service by phone, TTy (Telephone Typewriter), fax and email or at the Port Melbourne, South Melbourne and St Kilda Town Halls. ASSIST staff are available to receive and resolve enquiries as they arise by liaising with other departments and council service providers. The ASSIST Centre aims to satisfy requests for service and information in an efficient and accurate manner.

Contact Details

Email assist@portphillip.vic.gov.au

Facsimile (03) 9536 2722

TTY (Telephone Typewriter) (03) 9209 6713

Mail City of Port Phillip

Private Bag 3

PO St Kilda, VIC 3182

Telephone

General enquiries (ASSIST)	(03) 9209 6777
Rates	(03) 9209 6366
Planning	(03) 9209 6424
Building	(03) 9209 6253
Parking fines	(03) 9611 7660
Waste management	(03) 9209 6533

After Hours

The City of Port Phillip is able to respond after hours to urgent matters regarding its services. If an issue is urgent and cannot wait until the next working day, you can contact the after hours service by ringing (03) 9209 6777 and following the prompts.

The City of Port Phillip's parking officers will respond to after hours calls for urgent parking issues such as blocked driveways, dangerously and illegally parked vehicles. After hours parking enforcement services are available by ringing 0407 304 449.

Further Information

Further information about the City of Port Phillip is available at www.portphillip.vic.gov.au

If you would like to receive free email updates about the City of Port Phillip, council services, information and initiatives, community information and website updates, see the Port Phillip Online Update page on the website for details.