



City of Port Phillip Annual Report 2007-2008



Why this year's report is different

The council has made some changes to this year's report following feedback from the community.

As a result we have:

- Increased the size of the type, making the report easier to read
- Simplified the layout of the performance indicators, making them clearer to read
- Restructured the order to make it easier to follow and included a snapshot of service outcomes at the front of the report
- Included a Port Phillip profile
- Used plain English and straightforward facts to describe the work we have done
- Used a standard reporting framework to ensure consistency of reporting
- Placed easy to understand material on our website www.portphillip.vic.gov.au

We welcome feedback on this report to assist@portphillip.vic.gov.au



Contents

Mayor's message	4
CEO's message	6
Executive team	7
Ward map	8
Councillor appointments to special & other committees	9
Council meeting dates	11
Officer representation on external committees	12
What makes Port Phillip a great place to live?	14
The role of local government	15
Where your money is spent	16
Our achievements	17
2007-2017 Community Plan	20
Inner Melbourne Action Plan (IMAP)	22
The council's strategic direction	23
1. Renewing our special places	23
2. Strategic collaboration and partnership	24
3. Build a better environment	25
4. Create the conditions for community	27
5. Better local services in community centres	28
6. Effective service and council stewardship	29
Organisation - The Management Team	30
Organisation Development	31
Effective governance	32
Statutory statements	33
Best value 2007-2008	36
National Competition Policy	37
Audit Committee and Internal Audit	38
Performance Statement (audited)	39
Victorian Local Government Indicators	44
Council contacts	47
Translation information	48
Financial Report 2007-2008	49

Vision

Council's vision is to be the best place in the best city for all

Mission

Council's mission is to make the community a better place

Four Pillars

We are focused on service and consider the 'four pillars' of sustainability in everything we do:

- Economic viability
- Environmental responsibility
- Social equity
- Cultural vitality

'Council acknowledges the people and elders, past and present, of **Yalukit Wilam and the Kulin Nation**. We acknowledge and uphold their relationship to this land.'



Opposite page: Middle Park foreshore



Ormond Ward
Cr Janet Cribbes
Mayor Dec 07 – current
First elected in 2004

Since being elected Mayor in December 2007 I have been working together with my fellow councillors to ensure the service we deliver to the community is the best it can possibly be. Providing quality community services and planning for our future were the key focus areas for the council in the 2007-2008 financial year.

This year we committed to zero net greenhouse gas emissions and a 70 per cent reduction in potable water use from council operations by 2020. We also made a commitment to help residents and businesses to cut their greenhouse gas emissions and potable water use in half by 2020.

The council's \$6 million expansion in childcare since 2006 has helped to create 311 new places with another 60 council or community places and 547 private childcare places on the way.

The South Melbourne Market celebrated its 140th birthday. With renovations complete, the new lift and new cafes on Cecil Street, the market attracts nearly 2 million shoppers a year. In 2007, many stallholders joined SecondBite, a charity that distributes leftover food to people in need.

The boardwalk along St Kilda beach nears completion. With more trees, seating and better lighting, it's a great place to roll or stroll.

Other initiatives to improve quality of life for our residents have continued. A second community bus was introduced. The two free buses provide a vital transport link across Port Phillip, helping to better connect people to services and I'm pleased to report usage of the service continues to increase.

Poets Grove Family and Children's Centre was opened and the Elwood School Park was created thanks to a clever land swap between the council and state government.

The council has continued to support the community to deliver neighbourhood priorities identified in the 2007-2017 Port Phillip Community Plan. One of the successes to date has been the launch of the

Councillors

Small Poppy Grants which have assisted community members with everything from art in the Elwood streets to worm farms in apartment blocks.

The council has worked hard to ensure we have resources to respond to changing and growing community needs now as well as taking care of our assets and infrastructure for the future.

On behalf of the councillors I would like to acknowledge the unwavering commitment of the CEO, Management and all staff for their dedication and professionalism to service excellence.

Cr Janet Cribbes
Mayor



Alma Ward
Cr Darren Ray
Jul 07 - current
First elected in 1999



Albert Park Ward
Cr Judith Klepner
Jul 07 - current
First elected in 2004



Emerald Hill Ward
Cr Peter Logan
(Deputy Mayor
Jul 07 – Dec 07)
First elected in 2002



Sandridge Ward
Cr Janet Bolitho
Deputy Mayor Dec 07 -
current (Mayor Jul – Dec 07)
First elected in 2004



St Kilda Ward
Cr Karen Sait
Jul 07 – current
First elected in 2004



Blessington Ward
Cr Dick Gross
Jul 07 - current
First elected in 1996

NB: All councillors are due to go out of office on 29 November 2008

Welcome to the 2007-2008 Annual Report. It has been a challenging year but a successful one with many achievements and works either completed or commenced.

The City of Port Phillip is committed to ensuring our community continues to thrive. The challenge facing Port Phillip, and indeed all councils, is to balance the need to plan for the future with the reality of maintaining the quality of life for our residents today.

The council's mission is to provide quality services and infrastructure to the community while balancing economic, environmental, community and social responsibility considerations.

In other words we undertake our responsibilities of serving the community within a framework of sustainability. This year the council has achieved milestones on significant projects that offer long-term, sustainable benefits to the Port Phillip community.

The Middle Park Community Hub reopened after a \$570,000 renovation including a new lift to a larger hall that can entertain 120 people. The Middle Park Library, toy library, maternal and child health centre and the Civic Kindergarten continue to be popular with locals. Work started on renovations to the South Melbourne Town Hall to create a community hub with office space for community groups, meeting spaces, ASSIST staff and a maternal and child health nurse.

Plans for the Palais Theatre and the development of the adjoining car park were approved by the council with changes prompted by local concerns. The St Kilda triangle will see the Palais restored and car parking put underground. The plans envisage an interesting food, music and recreation precinct with abundant open spaces and great bay views.

The St Kilda Town Hall reopened after extensive renovations with a weekend of community celebrations. Built around the grand main auditorium, the town hall now boasts a gallery, expanded ASSIST counter and more community meeting rooms. The majority of council staff and services are now operating out of 'The Annexe'.

Throughout 2007-2008, the council and its staff really showed a resilience and sense of working together to achieve successful outcomes and for this I express my sincere thanks to all councillors and council staff for their dedication and hard work.

I remain confident that the organisation can and will maintain the significant momentum, innovation, and commitment to excellence that will ensure our city remains the best city in the best place for all.

David Spokes
Chief Executive Officer



Executive team

Organisation Systems & Support

Executive Director: Ms Sally Calder
Telephone (03) 9209 6313
email scalder@portphillip.vic.gov.au

Service Units:

Finance & Investments
Organisation Development
Corporate Planning & Performance
Information Systems
Governance & Community Relations



Sally Calder
Executive Director Organisation
Systems & Support

Community Development & Planning

Executive Director: Mr Geoff Oulton
Telephone (03) 9209 6300
email goulton@portphillip.vic.gov.au

Service Units:

City Development
Community Development
Culture & Recreation
Economic Development
Environment & Renewal
Health & Amenity



Geoff Oulton
Executive Director Community
Development & Planning

Community Assets & Services

Executive Director: Mr David Yeouart
Telephone (03) 9209 6481
email dyeouart@portphillip.vic.gov.au

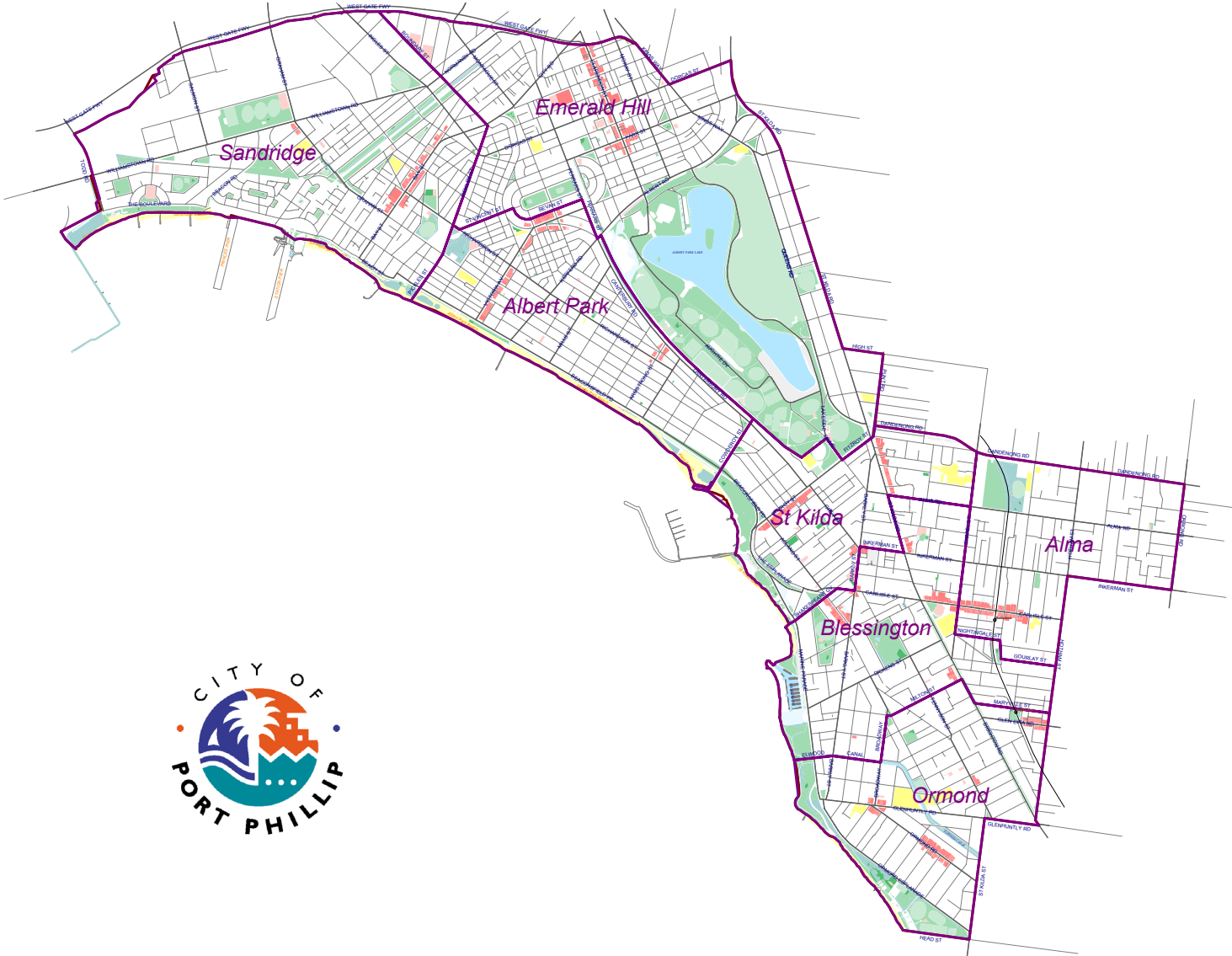
Service Units:

Asset Services
Buildings & Green Services
Infrastructure Services
Community Services
Customer Service



David Yeouart
Executive Director Community
Assets & Services

For more information, telephone ASSIST on (03) 9209 6777
or email ASSIST at assist@portphillip.vic.gov.au



Councillor appointments to special & other committees

Special committees of councillors

Strategy and Policy Review Committee
All councillors
(Chair) Mayor, Cr Janet Cribbes

Statutory Planning Committee
All councillors
(Chair) Cr Judith Klepner

Other council committees – Governance and Compliance

Audit Committee
Mayor, Cr Janet Cribbes,
Deputy Mayor, Cr Janet Bolitho

Human Resources Committee
Mayor, Cr Janet Cribbes,
Deputy Mayor, Cr Janet Bolitho

Inner Melbourne Action Plan
Mayor, Cr Janet Cribbes

Neighbourhood Programs Committee
Mayor, Cr Janet Cribbes,
Deputy Mayor, Cr Janet Bolitho

South Melbourne Market
Management Committee
Cr Peter Logan,
Cr Judith Klepner

St Kilda's Edge Committee
Mayor, Cr Janet Cribbes,
Cr Dick Gross
Cr Karen Sait

Policy & Planning - Advisory Committees

Arts Advisory Committee
Cr Karen Sait

Indigenous Forum
Mayor, Cr Janet Cribbes

Multicultural Forum
Cr Judith Klepner

Older Persons Consultative Committee
Mayor, Cr Janet Cribbes
(Cr Judith Klepner reserve)

Sustainable Environment Forum
Cr Peter Logan
(Cr Judith Klepner reserve)

Urban History Consultative Committee
Deputy Mayor, Cr Janet Bolitho
(Cr Peter Logan reserve)

Policy & Planning - Taskforces and Working Groups

Civic Projects and Citizens of the Year Panel
Deputy Mayor, Cr Janet Bolitho

Community Grants Assessment Panel
Deputy Mayor, Cr Janet Bolitho
Cr Peter Logan

External Relations Taskforce
Mayor, Cr Janet Cribbes,
Deputy Mayor, Cr Janet Bolitho

Healthy & Safer Cities Alliance
Cr Judith Klepner

Friends of Suai Community Taskforce
Cr Karen Sait

South Melbourne Town Hall Redevelopment
Community Reference Panel
Cr Peter Logan,
Cr Judith Klepner

Council appointed representatives to external bodies

Association of Bayside Municipalities
Deputy Mayor, Cr Janet Bolitho

Drugs Round Table
Cr Judith Klepner

Inner Melbourne Community Road Safety Council
Cr Karen Sait

Councillor appointments to special & other committees

Inner South Metropolitan Mayors Forum
Mayor, Cr Janet Cribbes

Melbourne Sports and Aquatic
Centre Advisory Committee
Cr Peter Logan
Cr Judith Klepner

Strategic Environment Advisory Group
Deputy Mayor, Cr Janet Bolitho

Metropolitan Transport Forum
Deputy Mayor, Cr Janet Bolitho
(Cr Dick Gross reserve)

MAV Melbourne 2030 Reference Group
Deputy Mayor, Cr Janet Bolitho
(Cr Darren Ray reserve)

Municipal Association of Victoria
Cr Dick Gross
(Mayor, Cr Janet Cribbes sub & additional)

Municipal Association of Victoria
Human Services Portfolio Committee
Cr Judith Klepner

Port Environs Stakeholder Forum
Deputy Mayor, Cr Janet Bolitho

Port Phillip Housing Association
Ltd – Board of Directors
Cr Darren Ray

Victorian Local Governance Association
Cr Judith Klepner

Metropolitan Waste Management Group
Cr Dick Gross

Multifaith Network
Mayor, Cr Janet Cribbes

Elwood College School Council
Mayor, Cr Janet Cribbes

Planning Committee for proposed
new school in Albert Park
Cr Judith Klepner



J.L. Murphy Reserve; Port Melbourne

Council meeting dates 2007-2008

Ordinary Meeting of Council

Monday 23 July 2007
 Monday 27 August 2007
 Monday 24 September 2007
 Monday 22 October 2007
 Monday 26 November 2007
 Monday 17 December 2007
 Tuesday 29 January 2008
 Monday 25 February 2008
 Tuesday 25 March 2008
 Monday 28 April 2008
 Monday 26 May 2008
 Monday 23 June 2008

Statutory Planning Committee

No meeting was held for month of July
 Monday 13 August 2007
 Monday 10 September 2007
 Monday 08 October 2007
 Monday 12 November 2007
 Monday 10 December 2007
 Thursday 13 December 2007
 No meeting was held for the month of January
 Thursday 07 February 2008
 Tuesday 22 March 2008
 Monday 14 April 2008
 No meeting was held for month of May
 Tuesday 10 June 2008

Strategy & Policy Review Committee

Monday 02 July 2007
 Monday 06 August 2007
 Monday 03 September 2007
 Monday 01 October 2007
 Wednesday 07 November 2007
 Monday 03 December 2007
 No meeting was held for the month of January
 Monday 04 February 2008
 No meeting was held for month of March
 Monday 07 April 2008
 Monday 05 May 2008
 Monday 02 June 2008

Special Meeting of Council

Monday 03 September 2007
 Monday 10 September 2007
 Monday 17 September 2007
 Thursday 06 December 2007
 Monday 10 December 2007
 Monday 26 May 2008
 Monday 16 June 2008
 Monday 23 June 2008

Councillor attendance at council and committee meetings

Councillor	Ordinary Council (12 meetings)	Strategy & Policy Review Committee (10 meetings)	Statutory Planning Committee (10 meetings)
Janet Bolitho	11	10	10
Janet Cribbes	10	10	10
Dick Gross	11	9	7
Judith Klepner	11	10	8
Peter Logan	12	10	10
Darren Ray	6	7	7
Karen Sait	8	8	9

Officer representation on external committees

External committee/association/group	Officer
<ul style="list-style-type: none"> • Southern Metropolitan Regional Management Forum • Inner South CEO's Forum • Inner Metropolitan Action Plan Committee 	<p>David Spokes Chief Executive Officer</p>
<ul style="list-style-type: none"> • St Kilda Breakwater Wildlife Management Cooperative Area (WMCA) Management Committee • Association of Bayside Municipalities 	<p>Kate Nagato Place Manager Foreshore</p>
<ul style="list-style-type: none"> • Committee of Management Inner Eastern local learning and Employment Network • School Focused Youth Services Local Advisory Group • 2Faze Education Program Steering Committee • Inner City Regional Youth Affairs Network 	<p>Leo Kelly Coordinator Youth Development and Planning</p>
<ul style="list-style-type: none"> • Melbourne Sports & Aquatic Centre (MSAC) Aquatic Advisory Committee • Joint Venture (Albert Park Hockey & Tennis Centre) Committee of Management 	<p>Fiona Blair Coordinator Youth & Recreation Helene Agius Community Development, Sport, Leisure & Rec Officer</p>
<ul style="list-style-type: none"> • Committee of Management for Rawcus Theatre Inc 	<p>Cathy Horsley Access Arts Development Officer</p>
<ul style="list-style-type: none"> • Port Melbourne Family & Children's Hub Committee • Reference Group for the "Doing IT Better" Project with VCOSS and Monash University • Steering Group for the State Government funded "Community Involvement in Volunteering" Project by Hanover Welfare Services 	<p>Michelle Alchin Coordinator Community Development Policy and Programs</p>
<ul style="list-style-type: none"> • Utility Tracker Working Group - Melbourne Metro Councils 	<p>Michael Dodd Sustainable Environment Planner</p>
<ul style="list-style-type: none"> • Port Phillip Community Group Board of Management • St Kilda Parish Mission Redevelopment Committee • Department of Human Services (DHS) Residential Aged Care Land Bank Feasibility Study Steering Group • DHS Southern Region Community Strategies Group • Dept of Human Services & Local Government Emergency Recovery Forum – Southern Region 	<p>Carol Mayell Manager Community Development</p>
<ul style="list-style-type: none"> • IMAP committee for Tourism 	<p>Adriana Frescura Coordinator Tourism and Visitor Services</p>

Officer representation on external committees

External committee/association/group	Officer
<ul style="list-style-type: none"> VLGA Friendship Committee 	<p>Pat Jessen Coordinator Friends of Suai</p>
<ul style="list-style-type: none"> Child Friendly Cities Asia-Pacific Network (Working Committee) 	<p>Maureen Imeson Family & Children's Services Development Officer</p>
<ul style="list-style-type: none"> Albert Park Traders Association Elwood Traders Association Ripponlea Traders Association 	<p>Shona Malberg Business Liaison Officer</p>
<ul style="list-style-type: none"> Southern Settlement Planning Committee 	<p>Cristina Del Frate Multicultural Liaison Officer</p>
<ul style="list-style-type: none"> Victorian Local Government Disability Planners Network (Executive) Disability Inclusion Strategy Group South Eastern Region Recreation Reference Group Women with a Disability Family Violence Resource Project Ref Group 	<p>Alexius Pepper Metro Access Project Officer</p>



St Kilda Pier

What makes Port Phillip a great place to live?

The City of Port Phillip takes in a variety of urban villages close to some of Melbourne's most popular beaches. The character of the city is marked by a richness of diversity and features some of Victoria's most celebrated and innovative cultural events, recreational facilities, restaurants and entertainment venues. The municipality is located on the northern shore of Port Phillip Bay, south of the Melbourne CBD, Victoria.

The Port Phillip community has:

- High levels of involvement in community-building
- High levels of education
- Low unemployment

City profile		
Actual:	Total estimated population in 2007▪	91,931
	Average household size in 2006†	1.88
	Number of private occupied dwellings in 2006†	43,728
Number of:	Rateable properties	61,102
	Non-rateable properties	519
	Commercial/industrial buildings	6,680
	Maternal and Child Health Centres	5
	Community Centres	14
	Pre-schools	10
	Primary Schools	9
	Secondary Schools	7
	Area of land	20.62 sq km
Total:	Beaches	9 km
	Parks and Open Space	176 ha
	Declared rates (07-08)	\$70,846,550
	Length of roads	221kms
	Length of bike paths	63.5kms
	Significant sites:	
	Aboriginal*	3
	European heritage †	163

- Source: The Australian Bureau of Statistics
- † Source: Census of Population and Housing 2006
- * Source: Aboriginal Affairs Victoria
- † Source: Victorian Heritage Register

The role of local government

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

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

Within Victoria, the purpose of a Council is to:

- Provide leadership for the good governance of the municipal district and the local community;
- Act as representative government by taking into account the diverse needs of the local community in decision making;
- Provide leadership by establishing strategic objectives and monitoring their achievement;
- Maintain the viability of the Council by ensuring resources are managed in a responsible and accountable manner;
- Advocate the interests of local community to other communities and governments;
- Act as a responsible partner in government by taking into account the needs of other communities; and
- Foster community cohesion and encouraging active participation in civic life.

The functions of Councils include the following:

- Advocating and promoting proposals in the best interests of the local community;
- Planning for and providing services and facilities for the local community;
- Providing and maintaining community infrastructure in the municipal district;
- Undertaking strategic and land use planning for the municipal district;
- Raising revenue to enable the council to perform its functions;
- Making and enforcing local laws;
- Exercising, performing and discharging the duties, functions and powers of Councils under this Act and other Acts;
- Any other functions relating to the peace, order and good governance of the municipal district; and
- For the purpose of achieving its objectives, a Council may perform its functions inside and outside its municipal district.

Source: Local Government Act 1989

Where your money is spent



Bike lane in South Melbourne

Council's total expenditure by Program area

Category	Percentage
Ageing & Community Care	5.71%
Animal Management	0.48%
Asset Planning & Services	2.17%
Beach Cleaning	1.05%
Community Information (ASSIST)	3.69%
Corporate Planning & Performance	0.66%
Council Owned Buildings Maintenance & Operations	6.15%
Economic Development	0.98%
Environment & Renewal Programs	3.04%
Family, Children & Youth Services	9.84%
Finance, Payroll, Organisational Development, Valuations and Rate & Revenue Collection	7.49%
Governance & Risk Management	3.04%
Information Systems & Records Management	5.89%
Insurance, Metro Fire Brigade Levy & Debt Servicing	3.44%
Libraries	3.68%
Parking Enforcement	7.85%
Parks & Open Spaces	5.76%
Planning & Building Services	5.72%
Public Health	1.05%
Recreation & Cultural Development	5.27%
Roads & Footpaths	4.42%
Social Planning	1.61%
South Melbourne Market	2.24%
Street Cleaning (Shopping Strips)	3.16%
Waste Management	5.61%
Total	100.00%

Our achievements

2007-2008 Service outcomes at a glance

The full financial details can be found in part two of this report entitled City of Port Phillip Annual Report 2007-2008 Financial Statements



St Kilda Festival

Environmental Health	
Registered premise inspections	3,000
Food samples analysed	265
Prescribed accommodation inspections	101
Hairdresser, tattooist and beauty parlour inspections	186
Discarded syringes collected through syringe disposal containers and the Community Clean-up program	47,166
Public Health Service requests (general):	
Public health nuisance	315
Food related	148
Community immunisation sessions	59
Attendances by infants/children to immunisation sessions	2,368
Maternal and Child Health	
Total Births	1,211
Aged and Disability Services	
Hours:	
General home care	44,324
Meal preparation	289
Personal care	12,146
Home maintenance service	3,238
Respite care – individual visits	1,981
Respite care total hours	6,072
Shopping	12,246
Core social support hours	7,509
High priority social support hours	664
Delivered meals	56,118
Centre based meals	3,454
Meals subsidised	75,759
Total meals provided	135,331
Community bus (Trips)	22,155
Planning Applications	
Total applications approved	1,677
Application cancelled	12
Completed	13
Forwarded to responsible officer	3
Lapsed	40
No permit required	23
Notice of decision	334
Refusals	62
Vacated	79



Wheelbarrow library service down at St Kilda Beach

Libraries	
Programs run	425
Program attendees	23,170
St Kilda Library:	
Loans	582,095
Visits	329,509
Albert Park Library:	
Loans	150,611
Visits	115,535
Emerald Hill Library:	
Loans	40,105
Visits	48,311
Middle Park Library:	
Loans	17,659
Visits	18,000
Port Melbourne Library:	
Loans	111,371
Visits	105,805
Inter Library Loans	3,500
Other facilities	
Number of bookings:	
Wattie Watson Oval	282
Esplanade Oval / cricket ground	210
Head Street cricket ground A	145
Head Street cricket ground B	138
Carnival Site	4
Peanut Farm Oval	266
Alma Park Oval	150
Lagoon Oval	216
Anderson Oval 1	131
Anderson Oval 2	158
G.S. Williams Oval	156
A.T. Aanenson Oval	139
J.M. Woodruff Oval	129
North Port Oval	162
Community Centres:	
Total number of centres	14
Visitors	155,937
Bookings	11,178
Permanent group bookings (HACC, Community Groups)	180

Our achievements

Municipal Laws	
Animal registrations:	
Dogs	4,401
Cats	2,752
Impounded:	
Dogs	157
Cats	130
Service Requests:	
Stray cat (feral or trespassing)	86
Dogs (wandering at large)	73
Dog attack	54
Barking dog	295
Parking complaint (officer)	44
Abandoned vehicles	1,052
Unightly property	133
Commercial and business litter	151
Construction site litter	87
Litter (other)	340
Permits issued:	
Disabled - Blue	1,584
Disabled – Green	60
A-frames	455
Bulk rubbish containers (Skip Bins)	2,936
Infringement Notices:	
Parking Enforcement	168,689
Animal	400
Infrastructure Maintenance	
Length of roads maintained	208km
Area of ovals mowed (during sports season)	17 ha/wk
Reserves and gardens maintained	159 ha
Vehicles maintained	140
Waste collection pickups (bins per week)	33,895
Recycling collection pickups (bins per week)	28,683
Hard and green waste collection (booked per month)	762
Drainage pits inspected	4,500
Playground inspections	208
Infrastructure Development	
Annual road resurfacing	\$1.59m
Annual maintenance	\$14.53m
Roads to Recovery Funding	\$180k



Albert Park Lake

The Port Phillip 2007-2017 Community Plan was developed from the 2007 Community Summit. It is an agreed framework of values and priorities to shape action for both the council and the community.

The Community Plan significantly guides and informs what the council does and how it allocates its resources in the Council Plan.



2007 Community Summit held at MSAC in Albert Park

Community Plan Vision Statement

The goals of social equity, economic viability, environmental responsibility and cultural vitality remain central to our desire to foster a sustainable and harmonious future.

We acknowledge there is a shared responsibility to ensure that everyone, regardless of age or cultural or socio-economic background, can access services that meet their needs and can participate in community life.

We want our Council to demonstrate leadership in community participation, strategic planning, advocacy to other levels of government, and accountability to the community.

Progress to Date

The Community Plan was launched in November 2007 as a framework to respond to the aspirations expressed in both the Vision Statement and in the community priorities for action. Good progress has been made in implementing the first stages - a full progress report is available on council's website www.portphillip.vic.gov.au.

Some key achievements for 2007-2008 include:

- First phase of Community Leadership program with series of community forums
- First phase of Neighbourhood Development program established with Small Poppy Grants commenced
- Advocacy for Park Street (South Melbourne) tram extension
- Additional bike racks and signage giving directions for pedestrians installed
- Health and Safety Community Plan completed
- Sustainable Public Lighting Action Plan completed
- Street parties assisted and supported
- Restructure of Port Phillip Housing Trust completed
- Support given to community housing programs
- First phase of establishing a community interactive information web service completed
- Civic Awards event to celebrate and acknowledge community volunteers
- Community Plan e-newsletter launched to provide updates on Community Plan implementation progress
- Sustainable Environment Strategy completed with new programs developed (Challenge to Change & Climate Change 1000)
- Drought Management Strategy completed
- Development of a 'Creative City Plan' is underway.

2007-2017 Community Plan

Community Plan strategic priorities

The Community Plan sets out priorities for action across five broad topics which are briefly summarised below.

1. Parking – managing competing needs

Parking continues to be one of the most disliked aspects of living in Port Phillip and managing the competing needs of residents, businesses and visitors is seen as a major challenge.

The top priorities to improve this situation were nominated to be improving public transport, improvements for walking and bike riding, and making all new developments self-sufficient in their provision of parking spaces.

2. Building our community – connecting people

The Community Plan identifies a desire to celebrate and acknowledge the smaller communities that contribute to the city's overall complex character. These include neighbourhoods defined by a sense of place, and communities formed by common bonds, be they cultural, sporting, age or lifestyle.

Web based 'virtual' communities were also noted as providing ways of connecting. An emphasis is also placed on the importance of investing in infrastructure for those with greater needs for social support.

3. Urban planning and development

The Community Plan expresses strong support for mandatory state government controls to strengthen sustainable design and urban planning frameworks to reduce greenhouse gas emissions and water consumption.

Interest in seeing a balance between the need to accommodate increasing residential density and visitor numbers with the need for quality urban design, sustainable development, and community amenity is expressed in the desire for more active community participation in the development and review of local planning schemes.

4. Entertainment and residential amenity– managing the price of popularity

The Community Plan endorses strategies to improve management of events and entertainment venues to minimise negative impacts on residents and the environment. A preference for safer and smaller-scale cultural, sporting and social events is emphasised.

5. Public open spaces – looking after streets and parks

Maintaining and caring for parks and gardens and open spaces, including sustainable use of water is a priority. Litter and dumping of hard rubbish and the impact of large scale events are seen as requiring more attention. Creating new areas of open space through property development levies is also identified as a priority in addressing open space issues.



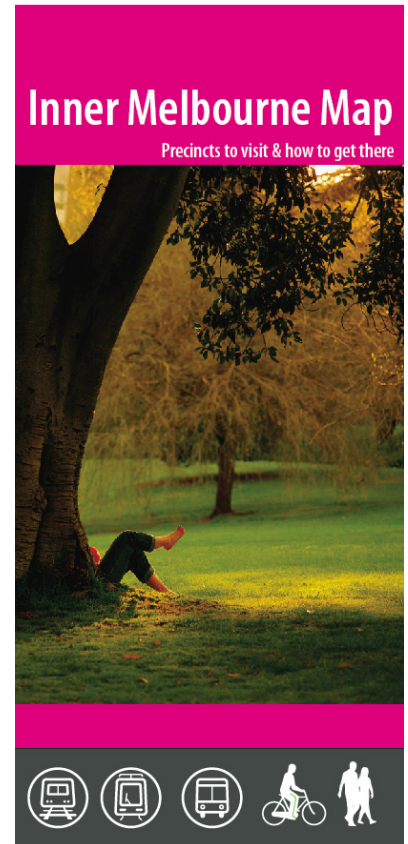
Inner Melbourne Action Plan (IMAP)

The Inner Melbourne Action Plan (IMAP) is a joint initiative of the Cities of Port Phillip, Melbourne, Yarra and Stonnington. IMAP sets out 11 regional strategies and 57 actions to address one simple objective: 'to make the Inner Melbourne Region more liveable'.

Responding to the demands of Melbourne 2030, the state government's blueprint for managing sustainable growth across Melbourne, IMAP delivers prioritised outcomes for the region.

Since adoption in December 2006, the council has worked collaboratively with the three partner councils, state government and private industry to advance IMAP objectives. Some of the successful outcomes of the IMAP project include:

- The announcement of the \$19.2 million Plummer Street Bypass in 2006 to improve links to the Port of Melbourne.
- The establishment of the Regional Greenlight pedestrian safety project, a study into safety and accessibility of metropolitan pedestrian crossings. Improvement works are now underway with funding from the state government's 'Local Area Access Program'.
- The commencement of the Wayfinding Signage project, a look at best practice signage and the development of an agreed 'family' of signs, for a walking and public transport path through the cities of Melbourne, Yarra and Stonnington. This was also funded by the 'Local Area Access Program', in partnership with the Department of Transport.
- The production of a regional visitor map which is fast becoming the preferred map for tourists visiting Melbourne. Working closely with Tourism Victoria and Destination Melbourne, IMAP has been able to establish distribution channels in the UK and Asia as well as securing the maps inclusion in the arrivals brochure for incoming cruise ships.
- A continued partnership between the City of Port Phillip, City of Melbourne and other key partners to facilitate consistent, functional and sustainable urban outcomes for St Kilda Road through the Draft St Kilda Road Masterplan 2007 and the St Kilda Road Tram Project (Yarra Trams).



IMAP regional visitor map



Tourist using the map in the CBD

IMAP will continue to deliver prioritised outcomes for the region, in particular investigating affordable housing solutions, environmental (water, waste and greenhouse) improvements and advocating for and implementing sustainable transport initiatives.

For all queries relating to IMAP contact Alison Fitzgerald - IMAP Implementation Officer on 9205 5039 or email alison.fitzgerald@yarracity.vic.gov.au

The council's strategic direction



Sandridge Beach; Port Melbourne

The 2005-2009 Council Plan established the strategic direction for the organisation.

The plan identifies six strategic objectives the council set for itself to focus on over its four year term as well as a range of annual objectives designed to assist in the achievement of these challenges. This section of the 2007-2008 Annual Report outlines how council performed against these objectives.

Strategic objective 1 – Renewing our special places

Are we looking after our special places such as the foreshores, town halls and commercial strips?

Strategic Indicators	06/07 result	07/08 result	comments/status
Significant progress on key major projects:			
St Kilda Road open space components	N/A	Not complete	
Environmental audit of Gasworks Park	N/A	Not complete	
Project manage St Kilda Promenade construction	N/A	Complete	
St Kilda Town Hall construction	N/A	Complete	
Community satisfaction with local roads and footpaths as adequate or better	74%	71%	Department of Planning and Community Development (DPCD) Community Satisfaction Survey
Community satisfaction with town planning policy and approvals as adequate or better	58%	38%	DPCD Community Satisfaction Survey

Other achievements

- Improved capital works processes through better business case reporting and monitoring. Resource Plan developed with planning underway for a better Project Management System.
- Pilot project seeking a shared approach to the future management, use and development of the Fitzroy Street Precinct delivered.
- Sports grounds renovation and season changeover period completed.
- Drought tolerant grass planted at South Beach Reserve providing water savings and a hardier surface for future public events.
- Concept designs for landscape upgrade of Garden City Reserve provided to local residents for feedback. Results were extremely positive and detailed design will now commence.
- New steps and ramp to Sandridge Beach constructed to provide a safer environment for beachgoers.
- Landscaping around Point Ormond Beacon completed providing a more accessible open space for residents and visitors.

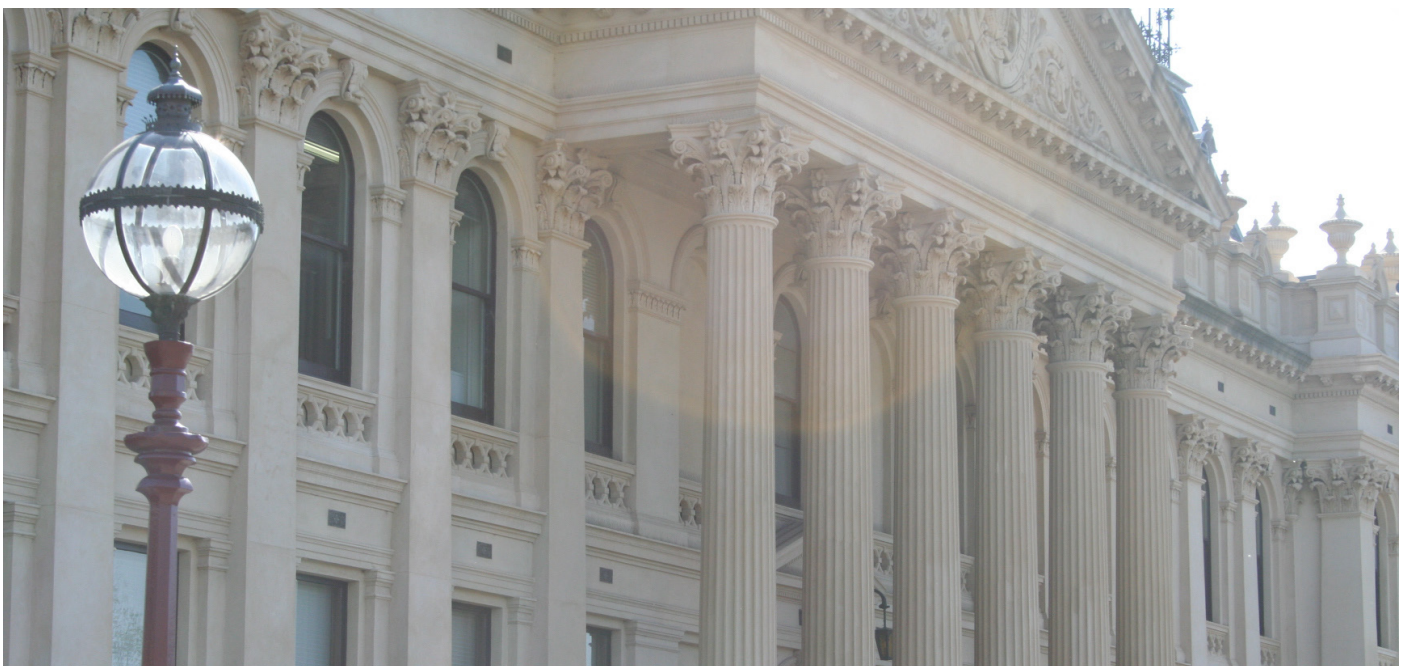
Strategic objective 2 – Strategic collaboration and partnership

Are we working effectively with all neighbours and all stakeholders to get the best outcomes for our city and ensure our top issues are factored into all levels of decision making?

Strategic Indicators	06/07 result	07/08 result	comments/status
Community satisfaction with the council's advocacy and community representation on key local issues as adequate or better	81%	51%	DPCD Community Satisfaction Survey
Community satisfaction with town planning policy and approvals		38%	DPCD Community Satisfaction Survey

Other achievements

- The council continues to support regional collaboration across inner Melbourne to implement Melbourne 2030 policy initiatives including the Inner Melbourne Action Plan (IMAP).
- Developed and implemented a stakeholder management framework for the organisation.
- Implemented annual council communications plan to meet community information needs.



South Melbourne Town Hall

Strategic objectives

Strategic objective 3 – Build a better environment

Are we improving the city's environmental performance and sustainable transport choices?

Strategic Indicators	06/07 result	07/08 result	comments/status
Council's corporate water consumption per annum	188 Mega litres	144 Mega litres	Most of the savings have come from the open space area.
Proportion of places filled in the Sustainable Living at Home program	N/A	100%	80 places available, all filled
Annual residential waste generation per capita	217 kg	229 kg	
Annual residential recycling rate per capita	38%	39%	
Percentage of primary aged school children participating in the Walking Bus Scheme	32%	29%	As a percentage of all participating primary school children
Community rating of the council's efforts at addressing environmental issues at the local level as adequate or better	75%	68%	Council initiated independent survey
Community safety rating for pedestrians and cyclists as adequate or better	74%	74%	Council initiated independent survey
Community satisfaction with the appearance of public areas as adequate or better	88%	70%	DPCD Community Satisfaction Survey
Community rating on ease of travelling around the area as adequate or better	84%	90%	Council initiated independent survey
Community satisfaction with traffic management and parking facilities as adequate or better	53%	57%	DPCD Community Satisfaction Survey
Community satisfaction with waste management as adequate or better	80%	84%	Council initiated independent survey

Other achievements

- Protection of our significant trees continues with mulching and drip irrigation work. Palm trees in Catani Gardens were banded, all trees are responding well.
- Restoration of Port Melbourne Town Hall Council Chamber completed providing additional community meeting space with enhanced exhibition space for both the Port Melbourne Historical Society and the council's art collection.
- All public toilets along the foreshore have been revitalised including painting, repairs and installation of water saving plumbing fixtures.
- St Kilda Town Hall Redevelopment complete with council staff and services now operating out of 'The Annexe'.



Elwood Beach

Strategic Objectives

Strategic objective 4 – Create the conditions for community

Are we promoting connection, inclusion and engagement? Are we encouraging people to contribute and participate?

Strategic Indicators	06/07 result	07/08 result	comments/status
Percentage who feel encouraged to participate in decisions that affect them and their neighbourhood	52%	68%	Council initiated independent survey
Community Grants Scheme participation	25%	19.2%	This figure is high due to people participating in multiple programs
Culturally and linguistically diverse (CALD) residents participating in the Community Meals Program	50%	55%	
Percentage of relevant Municipal Early Years Plan actions achieved	75%	100%	
Number of additional childcare places available within the municipality	18 places saved 16 new places 140 new private places	Increased 25 child care places Retained 16 and increased 33 child care places	North St Kilda Children's Centre Ada Mary A'Beckett Children's Centre
Progress on the residential care sector	N/A	44 new high care places 1 new low care place	Places allocated by Dept of Health and Ageing to not for profit residential care providers as part of 2007 Aged Care Approval Round
Number of community housing units in the community housing program	81	31	Woodstock

Other achievements

- Supported the community to deliver neighbourhood priorities identified in the 2007-2017 Community Plan.
- Hosted a forum to bring together the not for profit community sector and the corporate sector to increase volunteering and mutual community building opportunities.
- Created cadetships (commencing in 2008-2009) to strengthen opportunities for Indigenous reconciliation and develop cultural heritage management strategies.
- Updated and increased the council's understanding of community through analysing and reporting on findings of the 2006 census data. This informs strategic service planning for both the council and the community.
- Conducted electoral representation review, in conjunction with the Victorian Electoral Commission (VEC), to ensure councillor representation was adequate.

Strategic objective 5 – Better local services in community centres

Are we providing popular, local community centres where people can access services and participate in community life?

Strategic Indicators	06/07 result	07/08 result	comments/status
Number of times the volunteer register on council's website was accessed		253	Average per month
Community rating on range of options for leisure, recreation and entertainment facilities as adequate or better	89%	90%	Council initiated independent survey
Number of new additional groups and activities introduced into community centres	13 new activities 22 new groups	13 new activities 5 new groups	Port Melbourne Neighbourhood House introduced five new groups
Utilisation of community centres and community facilities	80%	66%	

Other achievements

- Commenced planning and development of a South Melbourne community, cultural and civic hub within the Emerald Hill precinct.
- Completed concept plans for the redevelopment of Betty Day Community Hub.
- Commenced community based intake to provide an integrated family services model.
- Three information sessions regarding the extended Community Bus Service held at Cora Graves, Mary Kehoe and Liardet Street Community Centres in March.
- Usage of the council's community bus service has continued to increase.
- Community education programs conducted to provide knowledge of the new process regarding Child Protection Reports.



Port Melbourne Foreshore

Strategic objectives

Strategic objective 6 – Effective service and council stewardship

Are we providing services when and where they are needed? Are we laying the foundations today for an even better council in the future?

Strategic Indicators	06/07 result	07/08 result	comments/status
Community who consider value for money rates as adequate or better	74%	62%	Council initiated independent survey
Community satisfaction with general overall performance of the council as adequate or better	82%	75%	Council initiated independent survey
Percentage of community rating satisfaction for the council's engagement in decision making on key local issues as adequate or better	68%	50%	DPCD Community Satisfaction Survey
Customer requests closed each quarter within the allocated period under the Customer Request Management System guidelines	97%	94%	
Community satisfaction with health and human services as adequate or better	79%	88%	DPCD Community Satisfaction Survey
Community satisfaction with enforcement of local laws as adequate or better	70%	71%	DPCD Community Satisfaction Survey
Community satisfaction with economic development as adequate or better	83%	78%	DPCD Community Satisfaction Survey

Other achievements

- New business planning process implemented across the organisation, including the development of key performance indicators and targets to support continuous improvement in our service delivery to the community.
- Developed and implemented a Property Management Strategy to provide a coordinated and strategic approach to property management for the organisation.
- Due to various promotions and education programs delivered by the council, the number of registered dogs and cats increased, supporting responsible pet ownership in the city.
- Developed, implemented and promoted a Customer Service Model, which have led to revised service standards.
- Made alterations to street and beach cleaning services city wide after benefits were demonstrated through pilot project "Your Street, Your Beach, Your Elwood".
- Delivered workshops on collaborative governance and the local government context to council's managers and coordinators; and developed a handbook on legal and procedural responsibilities for managers.

Organisation - The management team

The management team

Chief Executive Officer	David Spokes
Executive Director Organisation Systems and Support	Sally Calder
Manager Organisation Development	Danielle Rose
Manager Finance and Investments	David Filmalter
Manager Governance and Community Relations	Cathy Henderson
Manager Corporate Planning and Performance	Chris Pike
Manager Information Technology Services	Ellen Lee
Executive Director Community Development and Planning	Geoff Oulton
Manager Community Development	Carol Mayell
Manager Culture and Recreation	Ian Hicks
Manager Environment and Renewal	Paul Smith
Manager City Development	George Borg
Manager Health and Amenity	Stephen Cooper
Acting Manager Special Projects	Anita Lange
Manager Economic Development	Mike McIntosh
Executive Director Community Assets and Services	David Yeouart
Manager Infrastructure Services	Damien Burgess
Manager Buildings and Green Spaces	Kathy Dillon
Manager Customer Service	Jack Crawford
Manager Asset Services	Sam Hewett
Manager Community Services	Greg Wood

Organisation development

Supporting and developing our people

Professional Development and Training	
Professional development/information systems sessions	21
Number of participants	156
Accredited training programs offered	3
Number of participants	25
Equal Employment Opportunity	
Sessions held	28
Number of participants	361
Work and Life Balance	
Study leave hours	293.3
Staff receiving study leave	45
Wellness Program sessions held (Yoga, Pilates, walking groups)	58
Number of participants	177
Occupational Health and Safety	
Standard Workcover claims	10
Staff affected	10
Port Phillip's Workcover premium	0.717%
Victorian average Workcover premium	1.0378%
Employee Assistance Program	
Staff using the service	29
Sessions utilised	71
Staff Profile	
Breakdown by employment status:	
Full time staff	43%
Part time staff	28%
Casual staff	29%
Breakdown by gender:	
Male staff members	34%
Female staff members	66%



St Vincents Gardens; South Melbourne

Risk management

Risk management is an essential part of the City of Port Phillip's culture. The organisation is continually implementing strategies to manage its risks by maximising opportunity and minimising loss.

Risk awareness

The City of Port Phillip's policy is to manage risk in accordance with best practice. We comply with the Australian standard for risk management (AS/NZS 4360:2004) and our risk management decisions and practices align with our established values and ethical standards.

Our risk management policy and risk management strategy are reviewed on a bi-annual basis. Council's fraud policy is currently under review to be formalised in 2008/2009. All managers, service providers and employees are responsible for managing risk as part of their daily planning and operational processes.

Insurance and risk reduction

The council's insurance policies provide coverage for the following areas: public liability, products liability and professional indemnity, industrial special risks, motor vehicle, councillors' and officers' liability, personal accident, machinery/computer breakdown and boiler explosion, marine hull, construction works and fidelity guarantee.

We are pleased to advise that this year the council has seen yet another significant reduction in insurance premiums and contributions of 16%.

Increased risk management, along with tort reforms and other legislative changes such as the Road Management Act has assisted the council in maintaining or reducing its insurance costs.

All council departments now have their own departmental risk management plan which is reviewed and updated on an annual basis. These plans have assisted service areas in addressing risks identified as potential areas of exposure to the council, and enabled them to develop and implement suitable controls that can be integrated into the normal course of operations.

Statutory statements



South Melbourne Market Mural

Freedom of Information Act 1982

Under the Freedom of Information Act 1982, the community has the right to access certain information held by the council. 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 council's ASSIST Centre. In some instances, requests may need to be made in writing or on a specific form.

Details of requests for the preceding 12 months are:

Total number of requests	26
Access granted in full	2
Partial access granted	16
Requests withdrawn or not proceeded	3
Act does not apply	1
Requests under consideration as at 30 June 2008	2
No documentation found	2
Internal reviews sought	2
Appeals lodged with Victorian Civil and Administrative Tribunal	3
Total fees collected	\$506.00
Total fees waived	\$66.00

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 council's ASSIST Centre.

The following fees and charges are applicable when processing all requests:

Application fee \$22.70

Responsible Officer

Cathy Henderson,
Manager Governance & Community Relations

Principal Officer

David Spokes,
Chief Executive Officer

Victorian Equal Opportunity Act 1995

City of Port Phillip is an equal opportunity employer and is committed to the principles of the Victorian Equal Opportunity Act 1995, and Federal Legislation as it relates to equal opportunity.

The council's equal employment opportunity policy, 'Respect for Others', ensures that individuals receive fair and consistent treatment in a work place that is free from harassment, discrimination, bullying and unfair treatment. Recruitment strategies include considering whether positions may be suitable for candidates that may have a disability.

Occupational Health and Safety Act 1985

The council is committed to fulfilling its moral and legal responsibilities under the Occupational Health and Safety Act 1985, to provide a safe and healthy work environment for employees, contractors and visitors. This commitment extends to ensuring that operations undertaken by the council do not place the community at undue risk of injury or illness.

WorkSafe, the Victorian WorkCover Authority's Occupational Health and Safety arm, monitors and audits workplace practices in all Local

Government organisations across Victoria. In 2007-2008 WorkSafe undertook a number of audits at the City of Port Phillip and were satisfied with all Occupational Health & Safety systems.

The council's continued effort in this area was recently confirmed by WorkSafe Injury Insurance data that revealed we are currently performing 28.28% better than the average for Local Governments across Victoria.

The council has a dedicated Occupational Health and Safety Consultant who is committed to continuous improvements in this area and to providing injured employees with modified or alternative duties to assist in the rehabilitation process.

Whistleblowers Protection Act 2001

The council is committed to the implementation 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.



Rotunda; East St Kilda

Statutory statements

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

Disclosures made to the council	1 protected disclosure
Disclosures referred to Ombudsman for determination as to whether they are public interest disclosures	1
Disclosed matters referred to the council by the Ombudsman	0
Disclosed matters referred by the council to the Ombudsman for investigation	0
Investigations of disclosed matters taken over by Ombudsman from council	0
Requests made under S74 * to Ombudsman to investigate disclosed matters	0
Disclosed matters that the council has declined to investigate	0
Disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	0
Recommendations of the Ombudsman under the Act that relate to the council	0

* relates to persons making requests to the Ombudsman

The council has adopted a detailed whistleblowers protection procedures manual and specific guidelines for ASSIST and staff in Records Management. The current procedures established by the council under Part 6 of the Whistleblowers Protection Act 2001, which relates to the establishment of procedures by public bodies, are available on the council's website at www.portphillip.vic.gov.au

Victorian Information Privacy Act 2000

The council is committed to full compliance with its obligations under the Information Privacy Act 2000.

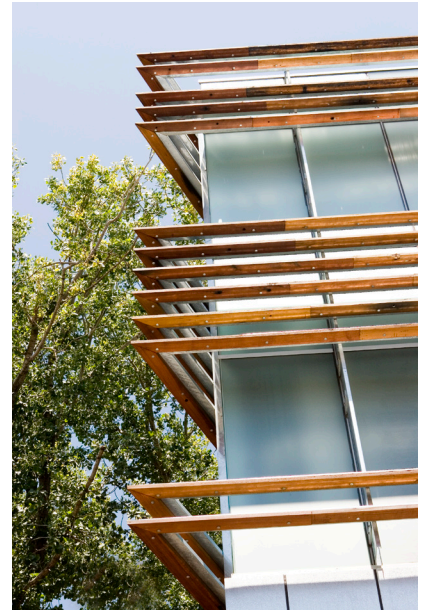
The council's Information Privacy Policy and Guidelines are available at the council offices and are also available on the council's website www.portphillip.vic.gov.au. Any person who feels the council has mismanaged their personal information may make a complaint to the council's Privacy Officer on 9209 6701.



Rail Safety Week; Ripponlea

The council is committed to continuously improving its services and providing value for money for ratepayers. This commitment is in keeping with the Local Government Act, which details six Best Value principles:

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



During 2007-2008 the council applied these Best Value principles in a variety of ways.

Planning

The council's approach to planning continues to improve. Planning activities in 2007-2008 (which focused on delivery in 2008-2009) have aimed to progress the Community Plan.

The Port Phillip 2007-2017 Community Plan, developed by the community at the 2007 Community Summit, is an agreed framework of values and priorities to shape action for both the council and the community and has guided the development of the 2008-2009 Council Plan and Budget, as well as departmental plans and budgets.

Performance measurement

The council's approach to performance measurement also continues to improve. During 2007-2008, all workgroups developed revised service metrics and targets that enabled them to monitor and review the quality, quantity, timeliness and cost of their services.

These service metrics sit within a performance measurement framework that also includes 13 key performance indicators for the organisation. These are strategic indicators of performance reviewed monthly by the management team and quarterly by the council. The council reports its performance in these 13 areas back to the community on a quarterly basis via our website.

Service improvement

With better performance data, the council has been better able to respond to the community's needs and ultimately improve its services. It will inform the council's decisions about service improvement and ultimately increase the community's level of satisfaction with services.

During 2007-2008, work commenced on a series of commitments to the community around the ten services the community had deemed most important. Our Service Promise to You will be sent to ratepayers with the 2008-2009 rates notices in August 2008.

National Competition Policy



The federal government introduced its National Competition Policy (NCP) in 1995 in an effort to reform government monopolies; separate governments' regulatory and business functions; remove legislative restrictions on competition; and adopt pricing reforms to recognise and offset the public ownership advantages enjoyed by government businesses (competitive neutrality).

National Competition Policy Compliance 2007-2008

Certification by Chief Executive Officer

Port Phillip Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2007 to 30 June 2008, in accordance with the requirements outlined in National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002) as set out below:

Trade Practices Compliance

Council is compliant.

Local Laws Compliance

Council is compliant – no local laws made or remade

Competitive Neutrality Compliance

Council is compliant for all significant businesses.

I certify that:

- a) This statement has been prepared in accordance with the 2007-08 National Competition Policy guidelines issued in May 2008 for reporting on National Competition Policy in accordance with National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002); and;
- b) This statement presents fairly the Council's implementation of the National Competition Policy.

Signed:

David Spokes
Chief Executive Officer

As part of its duty to fulfil governance obligations to the community, the council established an audit committee in December 1995. In consultation with the council's management team, the audit committee develop an annual internal audit program to address the risks that the organisation may confront.

The audit committee membership consists of external and internal representatives. The Chief Executive Officer also attends the meetings and the council's internal auditor attends to present audit reports and to provide advice to the audit committee.



External representatives:

Ray Liggett, Chairperson, is a director of a private consulting and investment company, is chair or member of four council audit committees and has held senior positions in a major national company. He receives \$6,000 per annum for his role as chairperson.

Susan Pelka (Jan - Jun 08), is a trustee of the Melbourne Exhibition and Convention Centre, Chairman of its Risk Committee and member of its Finance and Audit Committee. Ms Pelka was previously Head of Governance, Risk and Compliance for ANZ Banking Group's Shared Services Operations. She receives \$5,000 per annum for her role on the committee.

Graham Lockwood (Jul - Dec 07), is a retired certified practising accountant and a previous executive director and manager of a range of companies and organisations. He retired as a member of the council's audit committee at the end of 2007.

Internal representatives:

Mayor of the City of Port Phillip

Executive Director, Organisation Systems & Support (Jul – Dec 07)

Deputy Mayor (Jan – Jun 08)

During 2007-2008, the committee met on five occasions.

The audit committee and the internal auditor are key elements of the council's system of checks and balances. The council is externally audited annually by the Victorian Auditor-General.

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

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

Performance Statement 2007-2008

Key Strategic Activities	Measure	Performance Target	Actual	Result	Comment
1.1 St Kilda Triangle Site re-development–planning permit approval	Planning Permit	Approval	Approval	Achieved	Council provided planning approval (subject to conditions) on 7 February 2008
1.2 South Melbourne Central plan incorporated into Port Phillip Planning Scheme – June 08	Central plan incorporated into council Planning Scheme	June 2008	April 2008	Achieved	Letter from Planning Minister - Justin Madden noting changes to Planning Scheme (21 April 2008)
1.3 Community rating of quality of outdoor environment as adequate or better – target = 85%	Community Survey	85%	91%	Achieved	Source: City of Port Phillip Community Satisfaction Survey
2.4 Community satisfaction with council advocacy and community representation on key local issues as adequate or better – target = 80%	Community Survey	80%	51%	Not Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
2.5 Federal government approval of new aged care places in the municipality – 1 or more new places	Federal Government Approval	1 or more new places	45 new places	Achieved	In 2007 Aged Care Approval Round Dept of Health and Ageing the council was allocated the following new places: South Port Community Nursing Home- 30 new high care places; Napier Street Aged Care Services - 14 new high care places; Sacred Heart Mission - 1 new low care place and capital grant of \$43K
2.6 Agreed financial package for reinstatement of Gasworks Park with State Government – June 08	Audit Completed	100%	80%	Not Achieved	Interim environmental audit completed in August. The findings of this audit will inform the level of site remediation required and the basis of a funding application to State Government.
3.7 Community satisfaction with leisure, recreation and entertainment options as adequate or better – target = 85%	Community Survey	85%	90%	Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
3.8 Community rate the council's addressing of environmental issues at the local level as adequate or better - target = 80%	Community Survey	80%	68%	Not Achieved	Source: City of Port Phillip Community Satisfaction Survey
3.9 Community satisfaction with appearance of public areas as adequate or better - target = 75%	Community Survey	75%	70%	Not Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
3.10 Community satisfaction with traffic management and parking facilities as adequate or better – target = 55%	Community Survey	55%	57%	Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
3.11 Community satisfaction with waste management as adequate or better– target = 85%	Community Survey	85%	84%	Not Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
3.12 A decrease in CoPP (council organisation generated) greenhouse emissions for 06/07 compared with 05/06 figures	Greenhouse gas emissions	Decrease	Decrease	Achieved	Council reduced greenhouse emissions by 317 tonnes from July 2006 to June 2007 compared with July 2005 to June 2006.

Performance Statement 2007-2008

Key Strategic Activities	Measure	Performance Target	Actual	Result	Comment
3.13 Council approval of new environmental targets–Dec 07	Council Decision	Approval	Approval	Achieved	Publicly communicated in the 'Statement of Commitment' found in Divercity Magazine issue August/September 2007
3.14 Government agreement to fund the next stage of feasibility of the Park Street tram – May 08	Government Decision	Agreement	No Agreement	Not Achieved	Behind schedule. Feasibility study completed with positive findings. Awaiting official State Government response.
4.15 Community satisfaction with the variety of arts and cultural events as adequate or better – target = 85%	Community Survey	85%	90%	Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
4.16 Community satisfaction with the council's engagement in decision making on key local issues – target = 70%	Community Survey	70%	50%	Not Achieved	Source: Department of Planning and Community Development Community Satisfaction Survey
4.17 Expenditure of full budget allocation on local initiatives that arose out of Port Phillip Speaks Community Summit and Neighbourhood Forums – Jun 08	Expenditure of full budget	\$550,000	\$550,000	Achieved	A total of \$550K allocated after Community Summit (\$150K for general initiatives; \$300K for climate change initiatives; and \$100K to encourage community leadership).
4.18 Two actions per neighbourhood completed independent of the council – Jun 08	Action Completed	14 actions across 7 neighbourhoods	6 Actions across 5 neighbourhoods	Not Achieved	Small Poppy Grants Program established to drive independent neighbourhood actions. The number of independent neighbourhood projects initiated continues to grow with three funding applications being received shortly after end of 07-08 year.
5.19 Utilisation of community centres and community facilities – target = average of 75%	Usage of Community Centres	75%	63%	Not Achieved	The target failed to fully account for seasonal changes having an impact on facility usage (e.g. the use of sporting facilities affected by the drought).
5.20 Agreed project plan reported to the council for the redevelopment of the South Melbourne Hub – June 08	Report to Council	June 2008	Not Reported	Not Achieved	Tender process reported to Council in May 08. It did not detail project plan information.
5.21 Concept development agreed for redevelopment of the Betty Day Community Centre as reported to the council –Jun 08	Concept development agreed	Confirmed Agreement	Confirmed Agreement	Achieved	Council was briefed in September 2007.
6.22 Community who consider value for money rates as adequate or better – target = 75%	Community Survey	75%	62%	Not Achieved	Source: City of Port Phillip Community Satisfaction Survey
6.23 Community satisfaction with general overall performance of the council as adequate or better – 85%	Community Survey	85%	75%	Not Achieved	Source: City of Port Phillip Community Satisfaction Survey
6.24 Community rating of customer relationship: felt they were treated fairly – target = 85%; felt they were treated respectfully – target = 85%; felt they were listened to – target = 85%	Community Survey	85%	79%	Not Achieved	Department of Planning and Community Development Community Satisfaction Survey
6.25 Customers of the council contacted within 2 working days – target = 90%	Same Day Service - Pathway stats	90%	90%	Achieved	

Performance Statement 2007-2008

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2007/2008 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

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

We were authorised by Council on 1 September 2008 to certify the Performance Statement in its final form on behalf of the Council.



JANET CRIBBES
MAYOR & COUNCILLOR

Date: 18/19/2008
St Kilda



JANET BOLITHO
DEPUTY MAYOR & COUNCILLOR

Date: 18/19/2008
St Kilda



DAVID SPOKES
CHIEF EXECUTIVE OFFICER

Date: 18/19/2008
St Kilda



Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

To the Councillors, City of Port Phillip

The Performance Statement

The accompanying performance statement for the year ended 30 June 2008 of the City of Port Phillip which comprises the statement, the related notes and the council approval of the performance statement has been audited.

The Councillors Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the statement of performance published in both the annual report and on the website of the City of Port Phillip for the year ended 30 June 2008. 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 auditor's report refers only to the statements named above. 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 the Council's web site.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

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 and responsibilities are to be exercised. In conducting the audit the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of the City of Port Phillip in respect of the 30 June 2008 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
23 September 2008



D D R Pearson
Auditor-General

Victorian Local Government Indicators

Category	Indicator	Definitions	06/07 Result	07/08 Result
Overall performance	Community satisfaction rating for overall performance generally of the council	The council's result from the annual Local Government Community Satisfaction Survey coordinated by the Department of Planning and Community Development Victoria	66%	62%
Advocacy	Community satisfaction rating for council's advocacy and community representation on key local issues	The council's result from the annual Local Government Community Satisfaction Survey co-ordinated by the Department of Planning and Community Development Victoria	65%	51%
Engagement	Community satisfaction rating for council's engagement in decision making on key local issues	The council's result from the annual Local Government Community Satisfaction Survey co-ordinated by the Department of Planning and Community Development Victoria	61%	51%
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: general rates and charges declared under ss.160, 161, 161A of the Local Government Act 1989 municipal charges and service rates and charges (i.e. garbage services) levied under ss.159, 162 respectively. Supplementary rates declared, divided by number of assessments used in the calculation of the adopted rate (ie, when the rate was struck).	\$1,181.00	\$1,177.50
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).	\$968.00	\$965.55

Victorian Local Government Indicators

Category	Indicator	Definitions	06/07 Result	07/08 Result
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 (ie, when the rate was struck).	\$1,817.00	\$1,870.59
Capital expenditure	Average capital expenditure per assessment	Amount capitalised to the statement of financial position and contributions by a Local Government to major assets not owned by the Local Government, including expenditure on: capital renewal of existing assets which returns the service potential or the life of the asset to that which it had originally; capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users; capital upgrade which upgrades an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally, divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).	\$527.00	\$549.00
Infrastructure	Renewal	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally to the long-term AAAC*, divided by useful life, and totalled for each and every infrastructure asset to give one ratio.* 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).	107%	67%

Victorian Local Government Indicators

Category	Indicator	Definitions	06/07 Result	07/08 Result
Infrastructure	Renewal and maintenance	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally plus current spending on maintenance 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.	107%	127%
Debts	Average liabilities per assessment	Total liabilities as per the statement of financial position less items held in trust (reflected in assets also held), divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). N.B. Items held in trust does not include employee leave entitlements such as long service leave.	\$421.00	\$368.24
Operating result	Operating result per assessment	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).	\$346.00	\$10.27
	Adjusted operating result per assessment	Surplus / (Deficit) Less Contributed assets. Add Loss on disposal of assets (where non cash). Number of assessments at time of rate declaration	N/A	\$276.46

Council contacts

Council Offices

St Kilda Town Hall

Corner Carlisle Street and Brighton Road, St Kilda
Monday: 8.30 am - 6 pm
Tuesday - Friday: 8.30 am - 5 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 pm
Tuesday: 8.30 am - 6 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 pm
Enquiry counter and cashier for paying fees and rates.



Contact Details

Email: assist@portphillip.vic.gov.au
Facsimile: (03) 9536 2722
Mail: City of Port Phillip; Private Bag 3; PO St Kilda, VIC 3182
SMS for the hearing impaired 0432 005 405

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

Further Information

About the council is available at www.portphillip.vic.gov.au or by calling ASSIST on (03) 9209 6533.



This information is provided by the council to inform residents about council services and responsibilities.

For a translation of this information contact the council's interpreter service.

Cantonese: 9679 9810
Greek: 9679 9811
Polish: 9679 9812
Russian: 9679 9813

此信息由Port Phillip市政府提供，目的在於告知居民市政府的服務和責任。若想得到此信息的翻譯，請與市政府的口譯服務處聯繫。廣東話翻譯電話9679 9810。

Οι πληροφορίες αυτές παρέχονται από το Δήμο Πόρτ Φίλιπ για να πληροφορήσουν τους δημότες σχετικά με τις δημαρχιακές υπηρεσίες και υποχρεώσεις. Για μετάφραση αυτών των πληροφοριών επικοινωνήστε με την υπηρεσία διερμηνέων του δημαρχείου. Για μετάφραση στα Ελληνικά καλέστε το 9679 9811.

Эта информация предоставлена Муниципальным Советом Port Phillip в целях ознакомления жителей района с услугами и обязательствами муниципального совета. Чтобы получить перевод этой информации, обратитесь в переводческую службу муниципального совета. Чтобы получить перевод на русский язык, позвоните по номеру 9679 9813.

Informacja ta została przygotowana przez Radę Dzielnicy Port Phillip w celu powiadomienia mieszkańców o usługach i obowiązkach Rady. W celu uzyskania tłumaczenia tej informacji należy skontaktować się ze służbą tłumaczy Rady. Tłumaczenie na język polski otrzymać można dzwoniąc pod numer 9679 9812.

Part 2 - Financial Report



Elwood Community Playgroup

The Annual Report includes a General Purpose Financial Report, Standard Statements and a Performance Statement for the Port Phillip City Council for the year ended 30 June 2008.

These statements have been prepared in accordance with Australian Accounting Standards and Interpretations, 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 Financial Report and Standard Statements and provide readers with a summary of the circumstances and issues that have had a significant impact on information contained within those documents.

The financial report is a key component of the council's Annual Report. It demonstrates how the council performed financially during the 2007/2008 financial year (Income Statement) and summarises its overall position at the end of the financial year, 30 June 2008 (Balance Sheet).

The council reports on its financial performance in accordance with the Australian Accounting Standards and Interpretations. 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 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, requires all councils to include Standard Statements in each of their three key planning and reporting documents produced each year. These documents are the Council Plan, Annual Budget, and Annual Report.

A complete suite of Standard Statements have been prepared (Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and Standard Statement of Capital Works) as required by this legislation and they have been audited as part of the annual external audit process.

The objective of the Standard Statements is to provide clear linkages and compatibility between the financial information contained in the three key planning and reporting documents produced each year; the Strategic Resource Plan, the Annual 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 per cent and other large absolute variances have been provided in the Notes to the Standard Statements.



Plain English Guide to the Financial Report

What is contained in the Annual Financial Reports?

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

There are four Financial Statements and forty-four notes.

The four Financial Statements are the:

- Income Statement;
- Balance Sheet;
- Statement of Changes in Equity; and
- Cash Flow Statement.

The accompanying notes to the financial statements detail council's accounting policies and the breakdown of values contained in the Statements.

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



Income Statement

The Income Statement 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 surplus / (deficit) for the year, which is equivalent to the profit or (loss) of the council for the year.

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

Balance Sheet

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

The assets and liabilities are separated into Current and Non-current. Current assets are realisable within the next 12 months, while current liabilities are those which the council does not have the right to defer settlement past 12 months.

Plain english guide to the financial report

The components of the Balance Sheet are described below:

Current and Non-Current Assets

- Cash includes cash and cash equivalents i.e. cash on hand, and cash held in the bank, and cash investments maturing within 3 months
- Other Financial Assets reference the value of council's longer term financial investments (maturity greater than 3 months), such as bank bills, term deposits and floating rate notes.
- 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 land, buildings, roads, drainage, equipment etc. which have been purchased by, or contributed to the council over many years. It also includes those assets, which the council does not own but has significant control over, and responsibility for, such as foreshore pavilions, parks and the St Kilda Triangle site assets.

Current and Non-Current Liabilities

- Payables are suppliers to whom the council owes money as at 30 June.
- Trust Funds and deposits represent monies held in Trust by the council.
- Employee benefits represent Long Service and Annual Leave entitlements due to employees at 30 June.
- Interest Bearing Liabilities are the borrowings (including finance leases) taken out by the council.

Net Assets

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



St Kilda Botanical Gardens

Total Equity

This is the term used to describe the components of Net Assets. The components of Equity include:

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

Statement of Changes in Equity

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

The main reasons for changes in equity stem from:



- The 'surplus or deficit' from operations, as described in the Income Statement.
- Transfers to and from the council's reserves; and
- Revaluation of assets.

Cash Flow Statement

The Cash Flow Statement summarises the council's cash payments and cash receipts for the year. The values differ from those shown in the Income Statement 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.

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

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

Operating activities

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

Investing activities

- Relates to payments for, and proceeds from, 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.

Notes to the accounts

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

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

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



St Kilda Botanical Gardens

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; and
- Financial performance indicators.

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

Statements by Principal Accounting Officer and Councillors

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

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

Auditor General's Report

The Independent Audit Report is the external and independent opinion on the Financial Statements. The opinion covers both the statutory and professional requirements and also the fairness aspects of the Financial Statements.

Financial Performance

The council reported a deficit of \$624,000 in 2007/2008 and a surplus of \$20.132 million in 2006/2007. It is important to note that the 2007/2008 result has been impacted by two material one- off items, being the transfer of the control of the St Kilda Triangle Site from the State (\$22.494 million) to the City, and the transfer of Community housing assets from the City to the Port Phillip Housing Trust (\$39.909 million). If these transactions are excluded the City's surplus for 2007/08 would be \$16.791 million. The major factors that have underpinned the City's financial performance in 2007/2008 are:

Plain english guide to the financial report

Rate revenue

Rate revenue has increased from \$68.732 million to \$71.344 million. Included in rate revenue is \$495,000 derived during the year from supplementary valuation assessments issued as a result of adjusting the property valuations to reflect physical changes made to them. The increase from prior year also reflects an overall 2% increase in rates.

Parking fees and fines

Income from parking fees and fines has increased by \$579,000 from \$22.117 million to \$22.696 million. This is due to an increase in the number parking infringement notices throughout the year.

User charges

User charges have increased by \$1.007 million due to increased fees from Children's Services due North St Kilda and Coventry Street Children's Centre's resuming full services following capital works being performed during the year, resulting in additional child care places being available. Statutory fees decreased by \$274,000 due to a slight reduction in income from kerbside permits

Grants income

Grants income decreased by \$274,000 due to decreased federal and state government funding for the JCAAA program, arts, Roads to Recovery and capital grants as a result of the completion of the Woodstock Rooming House during the financial year. This was slightly offset by increases in non recurrent grants for Child Care centre capital works and the National Competition Policy grant.

Contributions

Contributions increased by \$22.772 million, from \$2.168 million in 2006/07 to \$24.940 million in 2007/08 as a result of Council becoming Committee of Management of the St Kilda Triangle Site, requiring land and building assets to be recognised as assets of the Council.

Interest income

Interest has increased by \$617,000 to \$2.720 million due to extra funds being available to invest as a result of delays in expending the council's capital budget and a higher interest rate environment.

Other revenue

Other revenue has decreased by \$826,000 due to a reduction in income received for planning approvals and monies received in the prior year for the bi-annual sale of Property and Valuations data to the State Revenue Office.



Rental income

Rental income has increased by \$984,000 as a result of adjustments to the rental agreement rates early in the financial year to ensure the council was receiving market rental.

Employee expenses

Employee expenses have increased by \$3.166 million in 2007/08 from \$40.862 million to \$44.028 million mainly due to:

- Increases in salaries (\$2.720 million) and superannuation contributions (\$205,000) across the organisation, which is in line with salary banding increases and changes in salaried employee officers' remuneration, as well as the rates function now being performed in-house resulting in an additional \$473,000 of new employee expenses in the 2007/08 financial year.

Non-labour operating expenditure

Non-labour operating expenditure (professional services, utility payments, other expenses, and contract payments/materials)

Non-Labour Operating Expenditure has increased by \$3.119 million from \$52.173 million in 2006/2007 to \$55.272 million in 2007/2008.

There have been a number of notable year on year changes in expenditure:

- External contract payments increased by \$1.320 million in this financial year mainly due to an increase in cleaning contract costs offset by savings resulting from the Rates and Revenue contract being brought in-house.
- Materials and consumables have increased by \$2.002 million mainly as a result of the write off of non-capital expenses related to capital works projects, which increased from 2006/07 by \$735,000, increased maintenance costs of \$594,000 relating to small increases across the organisation and increased contributions for the child care centres which resumed full operations during this year following the completion of capital works.



St Kilda Botanical Gardens

Loss on disposal of property, infrastructure, plant and equipment

Disposal of property, infrastructure, plant and equipment increased from \$6,000 in 2006/07 to \$39.909 million in 2007/08 as a result of the transfer of Community Housing assets, specifically land and buildings, to the Port Phillip Housing Trust in July 2007.

Non-current assets

The council discloses asset values in accordance with Australian Accounting Standards. Compliance with the standards means that the carrying values of the assets are either at cost or fair value and that the recorded values are regularly assessed to ensure they are kept up to date by reference to the cost of replacing the assets.

When there is a change in fair value across a class of assets and that change is material to the existing carrying value, the council revalue's the entire class of assets. This process ensures that the carrying values are fair and kept up to date.

Plain english guide to the financial report

The council's non-current assets balance has increased from \$1.660 billion in 2006/07 to \$1.941 billion in 2007/08 as a result of significant movements in property, infrastructure, plant and equipment.

An independent valuation of the council's land and drainage assets was undertaken during 2007/08 year resulting in increased asset valuations of \$268 million, as well as the recognition of new assets relating to the St Kilda Triangle site valued at \$22.494 million.



J.L. Murphy Reserve Port Melbourne

There was also a disposal of \$39.909 million of land and buildings relating to Community Assets transferred to the Port Phillip Housing Trust. Fair value assessments of the council's roads, footpaths and bridges, buildings and land improvements were also undertaken at 30 June 2008 with no significant changes noted from the prior year.

Current assets and liabilities

The council's current assets balance of \$40.320 million is primarily made up of short term deposits (\$23.307 million) and longer dated deposits (\$8 million).

Also included are current receivables of \$10.585 million which have increased this year by \$1.953 million as a result of an increase in rate debtors outstanding at the end of the current financial year (2007/08: \$2.235 million compared to 2006/07: \$1.541 million). Also included are \$4.044 million net parking debtors.

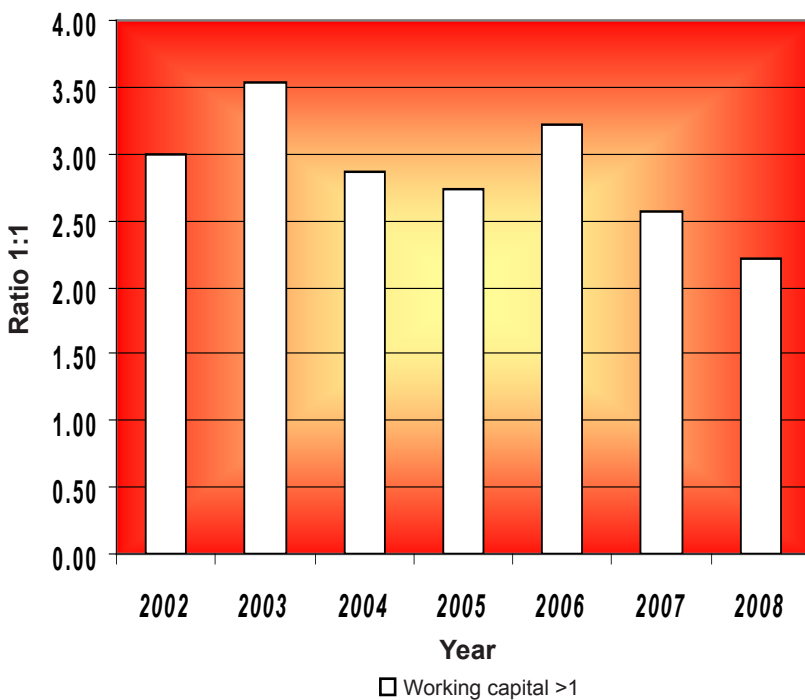
The council's current liabilities balance of \$19.992 million has increased by \$263,000 from the 2006/07 balance of \$19.729 million as a result of an increase in accounts payable at the end of the financial year, offset by a reduction in interest-bearing liabilities as a result of the repayment of one of the council's loans in the 2007/08 financial year.

Non-current Liabilities

The council's non-current liabilities of \$4.172 million consist of provisions (\$952,000) and bank loans (\$3.220 million).

Key Financial Indicators

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



Working Capital Ratio

The standard working capital ratio benchmark is a ratio of 2:1. The current working capital ratio of 2.22:1, indicates that the council has over two times more current (short-term) assets than current (short term) liabilities.

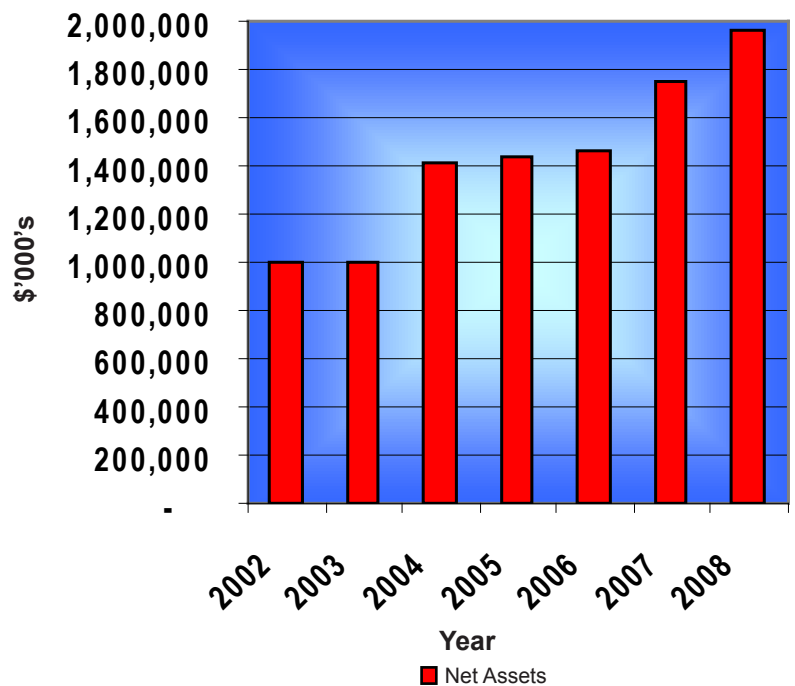
The slight drop in the ratio from previous years is due to a reduction in cash balances as a result of the completion of major capital works projects in the 2007/08 financial year.

Net assets

The council's net assets have reflected a stepped growth pattern over the past five years. This is due to the impact of asset revaluations.

While the council is required to carry out a fair value assessment of its non-current assets every year, the major changes in these asset balances have occurred in years where there has been a municipal revaluation of its land and buildings (2004, 2007 and 2008- land only).

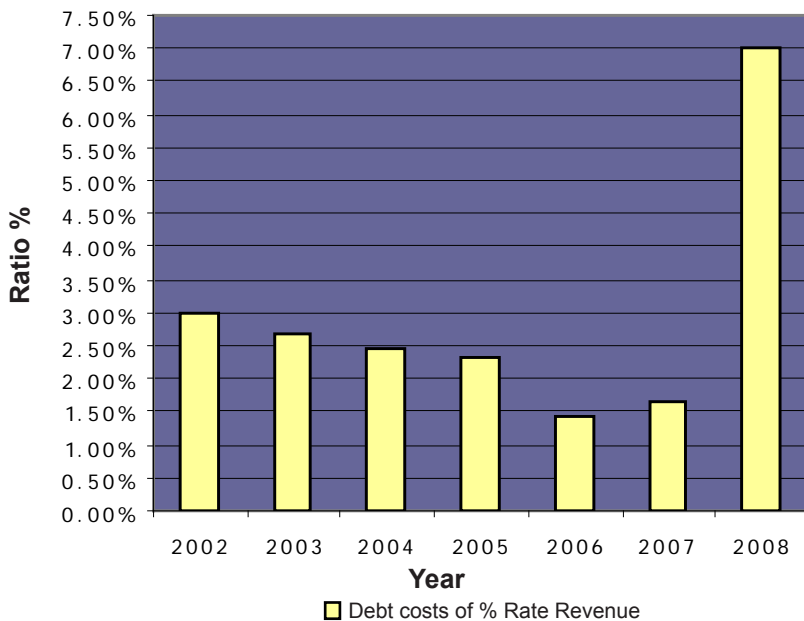
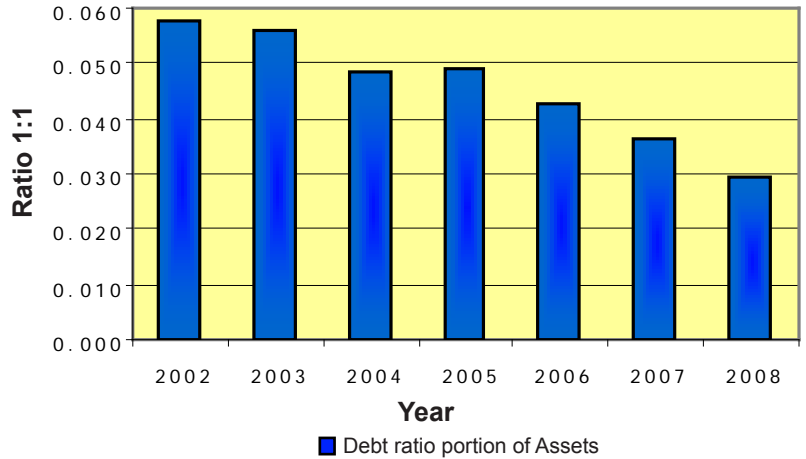
It needs to be noted that the increased net asset value is almost entirely attributable to increased asset revaluations and while cash balances have increased over this period, this has an insignificant impact when measured against the scale of the changed non-current asset valuations.



Debt exposure ratio

The council's exposure to debt as a proportion of realisable assets has shown a sustained ongoing reduction.

This is due to a combination of its accelerated debt reduction program and increases in the value of its realisable assets.



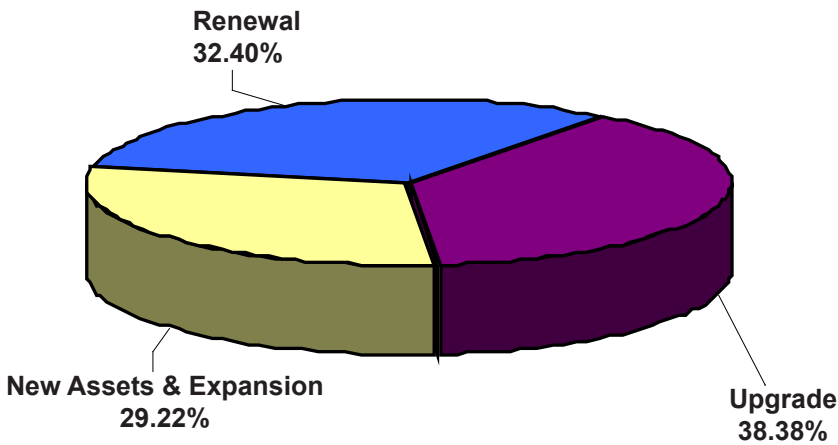
Debt commitment ratio

The council's debt commitment ratio, which compares its debt commitment (principal and interest) to its rate revenue, has increased significantly in 2008.

This is due to the accelerated repayment of a loan during the financial year.

This is a one-off and the ratio is expected to revert to less than 1% in 2008/09.

Breakdown of capital expenditure for 2008



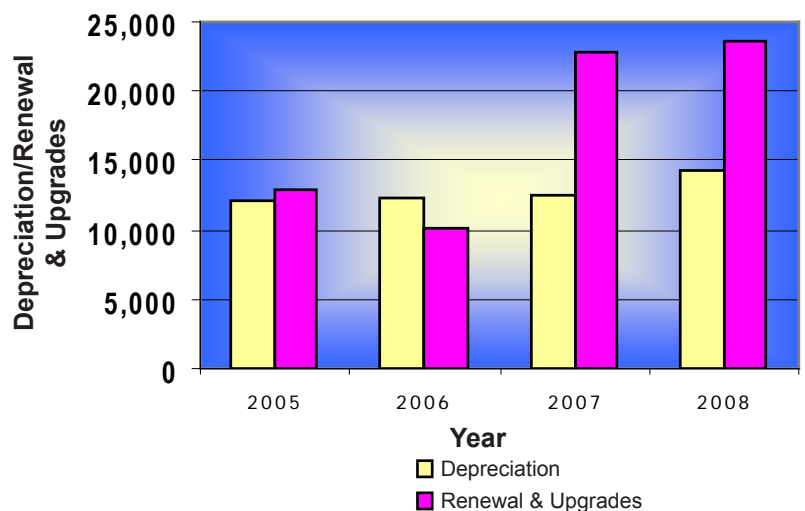
As the breakdown of the council's capital works and capital expenditure into the different categories of renewals and upgrades on existing assets, and new assets illustrates, there has been a significant amount of attention given to enhancements of existing assets which now account for over half of the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

This is attributable to the attention that has been placed by the council on carrying out improvements to a number of buildings that now have an increased service potential such as the St Kilda Town Hall, and the South Melbourne market.

While there has been a reduction in the share of capital expenditure on asset renewals, this has remained constant in actual dollar terms as a result of the sustained increase in the capital expenditure vote over the past ten years. A portion of enhancement expenditure is also asset renewal.

Capital renewal/upgrades vs depreciation

The council's expenditure on asset renewals and upgrades has exceeded its depreciation charge over the past two years. This implies that it is fully funding the wear and tear on its assets.



Contents

Notes to Financial Statements

Introduction

Note 1	Significant accounting policies
Note 2	Rates and garbage charges
Note 3	Parking fees and fines
Note 4	User charges and other fines
Note 5	Statutory fees and fines
Note 6	Grants
Note 7	Contributions
Note 8	Other revenue
Note 9	Disposal of property, infrastructure, plant and equipment
Note 10	Employee benefits
Note 11	External contracts
Note 12	Materials and consumables
Note 13	Bad and doubtful debts
Note 14	Depreciation
Note 15	Other expenses
Note 16	Borrowing costs
Note 17	Cash and cash equivalents
Note 18	Other financial assets
Note 19	Receivables
Note 20	Prepayments
Note 21	Assets held for sale
Note 22	Property, infrastructure, plant and equipment
Note 23	Payables
Note 24	Trust funds and deposits
Note 25	Provisions
Note 26	Interest-bearing liabilities
Note 27	Reserves
Note 28	Reconciliation of cash flows provided by operating activities for the year with surplus for the
Note 29	Reconciliation of cash and cash equivalents
Note 30	Financing arrangements
Note 31	Restricted assets
Note 32	Superannuation
Note 33	Commitments
Note 34	Operating lease commitments
Note 35	Contingent liabilities and contingent assets
Note 36	Financial instruments
Note 37	Auditors' remuneration
Note 38	Related party transactions
Note 39	Joint venture information - Streetsahead
Note 40	Revenue, expenses and assets by function/activities
Note 41	Financial ratios
Note 42	Comparison of actual to budget - rate determination
Note 43	Capital expenditure
Note 44	Pending accounting standards

Certification of the Financial Report

Standard Statements

Standard Income Statement

Standard Balance Sheet

Standard Cash Flow Statement

Standard Statement of Capital Works

Note 1	Basis of preparation of Standard Statements
Note 2	Explanation of material variances - Standard Income Statement
Note 3	Explanation of material variances - Standard Balance Sheet
Note 4	Explanation of material variances - Standard Cash Flow Statement
Note 5	Explanation of material variances - Standard Statement of Capital Works

Certification of the Standard Statements

Income Statement for the Year Ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
Revenue			
Rates and garbage charges	2	71,344	68,732
Parking fees and fines	3	22,696	22,117
User charges and other fines	4	10,271	9,264
Statutory fees and fines	5	2,321	2,595
Grants	6	9,989	10,263
Contributions	7	24,940	2,168
Other revenue	8	2,661	3,487
Interest		2,720	2,103
Rent		5,953	4,969
Total Revenue		152,895	125,698
Expenses			
Employee benefits	10	44,028	40,862
External contracts	11	28,476	27,156
Materials and consumables	12	15,515	13,513
Bad and doubtful debts	13	1,594	1,450
Depreciation	14	14,310	12,525
Professional services		4,105	4,143
Utility payments		1,823	1,839
Other expenses	15	3,417	3,518
Borrowing costs	16	342	554
Total Expenses		113,610	105,560
Loss on disposal of property, infrastructure, plant and equipment	9	39,909	6
Surplus / (deficit) for the year		(624)	20,132

The accompanying notes form part of this financial report

Annual Financial Report

Balance Sheet as at 30 June 2008

	Note	2008 \$'000	2007 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	23,307	36,902
Other financial assets	18	8,000	4,600
Receivables	19	10,585	8,632
Accrued income		402	524
Prepayments	20	384	86
Assets held for sale	21	1,642	1,642
Total current assets		44,320	52,386
Non-current assets			
Other financial assets	18	6,005	5
Receivables	19	-	2
Property, infrastructure, plant and equipment	22	1,935,281	1,660,587
Total non-current assets		1,941,286	1,660,594
Total assets		1,985,606	1,712,980
Liabilities			
Current liabilities			
Payables	23	10,538	6,977
Trust funds and deposits	24	1,799	863
Provisions	25	6,992	7,169
Interest-bearing liabilities	26	663	4,720
Total current liabilities		19,992	19,729
Non-current liabilities			
Provisions	25	952	897
Interest-bearing liabilities	26	3,220	3,810
Total non-current liabilities		4,172	4,707
Total liabilities		24,164	24,436
Net Assets		1,961,442	1,688,544
Equity			
Accumulated surplus		571,903	577,983
Reserves	27	1,389,539	1,110,561
Total Equity		1,961,442	1,688,544

The accompanying notes form part of this financial report

Statement of Changes in Equity for the Year Ended 30 June 2008

2008		Total	Accumulated Surplus	Asset Revaluation Reserves	Other Reserves
	Note	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
Balance at beginning of the financial year		1,688,544	577,983	1,094,818	15,743
Surplus / (deficit) for the year		(624)	(624)	-	-
Net asset revaluation increment/(decrement)	27(a)	273,522	-	273,522	-
Transfers to Other reserves	27(b)	-	(13,871)	-	13,871
Transfers from Other reserves	27(b)	-	8,415	-	(8,415)
Balance at end of the financial year		1,961,442	571,903	1,368,340	21,199
2007		Total	Accumulated Surplus	Asset Revaluation Reserves	Other Reserves
	Note	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Balance at beginning of the financial year		1,462,814	559,993	889,220	13,601
Surplus / (deficit) for the year		20,132	20,132	-	-
Net asset revaluation increment/(decrement)	27(a)	205,598	-	205,598	-
Transfers to Other reserves	27(b)	-	(11,719)	-	11,719
Transfers from Other reserves	27(b)	-	9,577	-	(9,577)
Balance at end of the financial year		1,688,544	577,983	1,094,818	15,743

The accompanying notes form part of this financial report

Annual Financial Report

Cash Flow Statement for the year ended 30 June 2008

	Note	2008 Inflows/ (Outflows) \$'000	2007 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and garbage charges		70,650	68,864
Parking fees and fines		21,403	22,234
User charges and other fines (inclusive of GST)		12,735	12,703
Grants (inclusive of GST)		10,151	10,573
Contributions		2,446	2,028
Interest		2,842	2,395
Rent (inclusive of GST)		6,280	5,616
Other receipts (inclusive of GST)		2,596	3,791
Net GST refund		4,573	4,240
Payments to suppliers (inclusive of GST)		(35,655)	(36,243)
Payments to employees (including redundancies)		(44,359)	(40,313)
Other payments		(19,971)	(19,406)
Net cash provided by operating activities	28	33,691	36,482
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(32,945)	(30,599)
Proceeds from sale of property, infrastructure, plant and equipment		48	4
Proceeds from sale of other financial assets		4,600	8,500
Payments for other financial assets		(14,000)	(4,600)
Net cash (used in) investing activities		(42,297)	(26,695)
Cash flows from financing activities			
Repayment of interest bearing liabilities		(4,647)	(863)
Finance costs		(342)	(554)
Net cash (used in) financing activities		(4,989)	(1,417)
Net increase in cash and cash equivalents		(13,595)	8,370
Cash and cash equivalents at the beginning of the financial year		36,902	28,532
Cash and cash equivalents at the end of the financial year	29	23,307	36,902
Financing arrangements	30		
Restrictions on cash assets	31		
Non-cash financing and investing activities in the year	26		

The accompanying notes form part of this financial report

Notes to the Financial Report for the year ended 30 June 2008

Introduction

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

"The purpose of Council is to:

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

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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.

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

Note 1 Significant accounting policies (cont.)

(b) 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 or, where earlier, upon receipt of the rates. A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

Where grants or contributions recognised as revenue during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed at Note 6 and 7. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

User charges, fees and fines

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

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

Sale of property, infrastructure, plant and equipment

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

Interest and rent

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

Note 1 Significant accounting policies (cont.)

(c) Depreciation of non-current assets

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

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

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

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

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

(d) 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.

Annual Financial Report

Note 1 Significant accounting policies (cont.)

(e) Borrowing costs

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

(f) Recognition and measurement of assets

Acquisition

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

Where assets are constructed by Council, 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 22. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

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

Note 1 Significant accounting policies (cont.)

(g) Recognition and measurement of assets (cont.)

Revaluation

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

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

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that the assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

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 2008.

AASB 1051 *Land Under Roads* is applicable from 1 July 2008. For land under roads acquired before 30 June 2008 the Standard:

- allows a Council to elect to recognise or not to recognise land under roads as an asset;
- requires any adjustment upon recognition to be made against accumulated surplus;
- requires a Council to disclose its accounting policy;
- allows a Council to elect to adopt the fair value or a previous revaluation; and
- requires any of the above elections to be made effective as at 1 July 2008.

On 1 July 2008, Council elected to not recognise land under roads acquired before 30 June 2008 as an asset. In accordance AASB 1051, Council will recognise and account for land under roads acquired after 30 June 2008.

(h) Cash and cash equivalents

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

(i) Other financial assets

Other financial assets including bank bills and Municipal Association Purchasing Scheme (MAPS) shares, are held to maturity and measured at cost.

(j) Community Housing Agreements

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

Note 1 Significant accounting policies (cont.)

(k) Tender deposits

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

(l) Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for employee benefits includes annual leave, long service leave and retirement gratuities. No provision has been made for sick leave as sick leave is non-vesting and the average sick leave taken in future years by Council employees is estimated to be less than the annual entitlement for sick leave.

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

Classification as current and non-current

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

Wages and salaries

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

Annual leave

All annual leave is deemed to be current. Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid with reference to estimated settlement of the leave as at 30 June 2008 taking into account attrition rates, pay increases through promotion and certified agreements and increments. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements.

Long service leave

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

Retirement gratuities

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

Superannuation

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits scheme. Details of these arrangements are recorded in Note 32.

(m) Leases

Operating leases

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

Finance leases

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

Notes to the Financial Report for the year ended 30 June 2008

Note 1 Significant accounting policies (cont.)

(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 the council's operational cycle.

(o) Web Site costs

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

(p) Goods and Services Tax (GST)

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

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

(q) Rounding

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

(r) Non-current assets held for sale

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

Annual Financial Report

	2008	2007
	\$'000	\$'000
Note 2		
Rates and garbage charges		
Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.		
The valuation base used to calculate general rates for 2007/2008 was \$1,477 million (2006/2007 was \$1,424 million). The 2007/2008 rate in the NAV dollar was 4.7967 cents (2006/2007: 4.7026 cents).		
Residential	52,383	49,628
Commercial	14,684	14,118
Industrial	3,153	2,961
Supplementary rates and rate adjustments	495	1,466
Garbage bin charge	186	174
Interest on rates overdue	443	385
	71,344	68,732
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2006 and this valuation was applied to the rating period commencing 1 July 2006.		
The date of the next general revaluation of land for rating purposes within the municipal district was 1 January 2008 and the valuation will be applied in the rating year commencing 1 July 2008.		
Note 3		
Parking fees and fines		
Parking fines and other charges	12,075	11,467
Parking fees - ticket machines	9,553	9,594
Parking permits	1,068	1,056
	22,696	22,117
Note 4		
User charges and other fines		
Aged services	1,361	1,386
Animal management services	344	290
Arts and festivals	784	375
Building services	502	541
Child care, childrens' services and programs	3,606	2,832
Derelict vehicles	245	269
Fines and cost recoveries	97	107
Market fees	303	249
Planning fees	1,239	1,341
Re-instatement works	206	361
Services fees and charges	248	255
Waste management	412	388
Other fees and charges	481	438
Planning and development	36	15
Parking administration fees	407	417
	10,271	9,264
Note 5		
Statutory fees and fines		
Crane permit fees	185	203
Health and food act fees	156	157
Kerbside permits	1,818	2,070
Land information certificates	162	165
	2,321	2,595

Annual Financial Report

Note 6	Grants	2008 \$'000	2007 \$'000
	Grants were received in respect of the following:		
	Recurrent		
	Commonwealth Government - Specific Home Care	15	21
	Commonwealth Government - SES Subsidy	25	5
	Commonwealth Government - Family Planning	25	-
	Commonwealth Government - Child Care	320	331
	Commonwealth Government - Adventure Playground and Leisure	240	244
	Commonwealth Government - JCAAA Vacation Care	2	-
	Commonwealth Government - Pre school	-	2
	Commonwealth Government - Immunisation	15	16
	Commonwealth Government - Arts	28	5
	Commonwealth Governemnt - Drug strategy/Prevention/FREEZA	-	10
	Commonwealth Government - Family support	-	30
	Commonwealth Government - Isepich	-	38
	Commonwealth Government - Grappling with Graffiti	-	6
	Commonwealth Government - Veterans Affairs	-	1
	Commonwealth Government - Environ Campaign	-	4
	Commonwealth Government - Home care	-	2
	Commonwealth Government - Capital Grants	-	34
	Specific home care	316	332
	Maintenance services	251	124
	Building inclusive communities	144	126
	Respite home care - elderly	1,840	1,666
	Meals on wheels	269	206
	Social support HACC	242	234
	Maternal and child health	439	373
	Child care	257	223
	Rooming house social meals	31	30
	Adventure playground and leisure	24	28
	JCAAA	-	450
	Drug strategy, prevention and FREEZA	55	34
	Immunisation	63	22
	Family support	348	105
	Arts	51	222
	Isepich	253	192
	Beach cleaning	311	308
	Drought relief	55	82
	Grappling with graffiti	1	10
	VicRoads	244	197
	School crossing	63	30
	Capital grants	(37)	1,683
	Diversity program	19	41
	Victorian grants commission	1,887	1,728
	Sport and recreation	510	-
	Tobacco activity	9	10
	Community development	125	92
	Business group program	37	15
	Library subsidy	476	472
	Roads to Recovery	178	187
	School walking bus	-	66
	Pre school	-	1
	Sustainable	-	30
	Recycling Program	-	57
	Strategic planning	-	80
	Waste management	-	50
	Environmental campaigns	-	2
	Healthy cities	-	6
		9,131	10,263

Annual Financial Report

Note 6	Grants (continued)	2008 \$'000	2007 \$'000
	<i>Non-recurrent</i>		
	Traffic management- safe taxi rank	51	-
	Sport & recreation lighting	16	-
	Place management	79	-
	National Competition Policy	12	-
	Excelsior Hall remediation	150	-
	Child care capital grant	550	-
		858	-
	Total grants	9,989	10,263
	Summary of the nature of grants received		
	Commonwealth	670	931
	State	9,319	9,332
		9,989	10,263
	Recurrent	9,131	10,263
	Non recurrent	858	-
		9,989	10,263
	Operating	9,298	8,580
	Capital	691	1,683
		9,989	10,263
	<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	189	62
	Water conservation program	50	30
	Community Health	132	-
	Vic Roads	72	50
	Social support	884	547
	Recycling program	-	39
	Grappling with graffiti	5	16
	Child care centres	323	201
	Urban Planning	660	141
		2,315	1,086
	Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
	Capital grants	11	20
	Cultural and recreational services	319	39
	Drug strategy	39	81
	Social support	185	388
	Urban planning	128	182
	Grappling with graffiti	12	32
	Vic Roads	250	191
	Recycling program	52	28
	Child Care services	156	60
	Water Conservation Program	30	-
		1,182	1,021
	Net increase (decrease) in restricted assets resulting from grant revenues for the year	1,133	65

	2008	2007
	\$'000	\$'000
Note 7 Contributions		
Cash		
Capital contributions	207	254
Developer contributions	2,239	1,914
Non-monetary		
Land Assets transferred to Council *	12,111	-
Building assets transferred to Council *	10,383	-
	24,940	2,168
<p>* The control of land and building assets located at 10 & 14 Lower Esplanade, St Kilda (known as part of the Triangle Site) were transferred by the State Government to Council under the <i>Land (St Kilda Triangle) Act 2006</i> effective 1 July 2007 making Council the Committee of Management. Council has entered into an agreement with BBC Triangle Investments Pty Ltd who will develop this site.</p>		
Note 8 Other revenue		
Donations	537	407
Sales - festivals and community activities	421	227
Insurance Recovery	238	35
Sale of Derelict Vehicles	8	65
Property and Valuations Income	26	336
Sale of Right of Ways	669	632
Sundry Income	762	975
Port Melbourne Place	-	810
	2,661	3,487
Note 9 Disposal of property, infrastructure, plant and equipment		
Land		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(20,602)	-
(Loss) on disposal of land	(20,602)	-
Land Improvements		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(41)	-
(Loss) on disposal of buildings	(41)	-
Buildings		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(17,351)	-
(Loss) on disposal of buildings	(17,351)	-
Roads, footpaths and bridges		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,897)	-
(Loss) on disposal of roads, footpaths and bridges	(1,897)	-
Drainage		
Proceeds from sale of assets	-	4
Written down value of assets disposed/scrapped	(62)	(10)
(Loss) on disposal of plant and equipment	(62)	(6)
Furniture and fittings		
Proceeds from sale of assets	48	4
Written down value of assets disposed/scrapped	-	(10)
Proceeds from sale of Joint Venture Assets	-	-
Written down value of Joint Venture assets disposed/scrapped	(4)	-
Profit/(Loss) on disposal of plant and equipment	44	(6)
SUMMARY		
Proceeds from sale of assets	48	4
Written down value of assets disposed/scrapped	(39,957)	(10)
(Loss) on disposal of assets	(39,909)	(6)

Annual Financial Report

	2008	2007
	\$'000	\$'000
Note 10		
Employee benefits		
Wages and salaries	33,041	30,505
Casual staff	3,198	2,484
Annual leave and long service leave	3,504	3,588
Superannuation	3,048	2,851
Fringe benefits tax and WorkCover	947	892
Redundancy costs	290	542
	44,028	40,862
Note 11		
External contracts		
Cleaning	3,878	2,651
Health, child care centres, kindergartens and schools	131	313
Festivals and programs	745	731
Food production	535	475
Information systems	107	205
Maintenance and construction	5,076	5,520
Parking administration and management	1,638	1,837
Parks, gardens and reserves	4,964	4,645
Perin lodgement fees	1,260	1,183
Recycling and waste management	4,367	4,294
Revenue and rates management	357	748
Community service agreements	834	979
Security services	1,024	844
Valuations	582	455
Relocation and recruitment	311	139
Search fees	267	305
Corporate functions support	742	472
Insurance	40	61
Publications	94	57
Derelict vehicles	128	213
Social and community services	146	180
Holiday program	70	85
Environmental and outdoor design	476	157
Graffiti removal	141	160
Other	563	447
	28,476	27,156
Note 12		
Materials and consumables		
Advertising	765	692
Contributions - other	1,693	1,515
Insurance	1,582	1,565
Metropolitan Fire Brigade levy	1,836	1,840
Operating leases	2,534	2,531
Printing and stationery	917	882
Telephone charges	1,286	1,260
Training	413	405
Maintenance	3,016	1,687
Materials	1,473	1,136
	15,515	13,513

Annual Financial Report

	2008	2007
	\$'000	\$'000
Note 13		
Bad and doubtful debts		
Parking fine debtors	34	(616)
Parking related debtors - PERIN Court	1,491	1,960
Other debtors	69	106
	1,594	1,450
Note 14		
Depreciation		
Buildings	2,776	2,086
Heritage and works of art	97	78
Plant and equipment	903	841
Furniture and fittings	1,494	1,349
Roads, footpaths and bridges	6,793	5,866
Land improvements	1,271	1,341
Drainage	976	964
	14,310	12,525
Note 15		
Other expenses		
Activities / programs	809	606
Bank charges	339	353
Catering charges	446	550
General transport	253	216
Postage	251	216
Waste rebates	100	82
Software costs	223	606
Subscriptions	183	211
Travel	28	50
Other	785	628
	3,417	3,518
Note 16		
Borrowing costs		
Interest	289	502
Interest - Joint Venture	53	52
	342	554

Annual Financial Report

	2008 \$'000	2007 \$'000
Note 17	Cash and cash equivalents	
	36	32
	10,271	2,620
	13,000	34,250
	23,307	36,902
	* Refer to Note 31 for restrictions on cash assets	
Note 18	Other financial assets	
	Current	
	8,000	4,600
	8,000	4,600
	Non-Current	
	6,000	-
	5	5
	6,005	5
	14,000	4,600
Note 19	Receivables	
	Current	
	2,235	1,541
	14,736	14,981
	(10,692)	(11,386)
	2,949	2,483
	(103)	(55)
	1,460	1,068
	10,585	8,632
	Non-Current	
	-	2
	10,585	8,634
	Ageing of Trade Receivables (Other Debtors)	
	1,494	730
	537	1,409
	200	95
	153	123
	565	126
	2,949	2,483
	Ageing of Individually Impaired Trade Receivables (Other Debtors)	
	-	-
	-	-
	-	-
	-	-
	103	55
	103	55
	Movement in provision for doubtful debts - other debtors	
	55	42
	48	13
	103	55
Note 20	Prepayments	
	339	71
	-	3
	-	12
	45	-
	384	86
Note 21	Assets held for sale	
	1,550	1,550
	92	92
	1,642	1,642

Note 22	Property, infrastructure, plant and equipment	2008 \$'000	2007 \$'000
Summary			
	at cost	92,282	61,004
	at fair value as at 30 June 2005	-	95,989
	at fair value as at 30 June 2006	44,550	44,617
	at fair value as at 30 June 2007	535,017	1,735,980
	at fair value as at 1 July 2007	22,494	-
	at fair value as at 30 June 2008	1,533,040	-
	Less accumulated depreciation	(292,102)	(277,003)
		1,935,281	1,660,587
Land and buildings			
Land			
	at cost	-	-
	at fair value as at 30 June 2007	-	317,865
	controlled land at fair value as at 30 June 2007	-	862,625
	at fair value as at 30 June 2008 ¹	374,396	-
	controlled land at fair value as at 30 June 2008 ¹	1,067,303	-
	Total	1,441,699	1,180,490
Land improvements			
	at cost	183	-
	at fair value as at 30 June 2006 ³	33,013	33,080
	Less: accumulated depreciation	(13,212)	(11,967)
	Total	19,984	21,113
Buildings			
	at cost	31,008	-
	at fair value as at 30 June 2007 ²	113,210	141,824
	controlled buildings at fair value as at 1 July 2007 ²	22,494	-
	controlled buildings at fair value as at 30 June 2007 ²	104,253	92,205
	Less: accumulated depreciation	(113,492)	(96,654)
	Total	157,473	137,375
Plant and equipment			
Plant and equipment			
	at cost	8,499	7,268
	Less: accumulated depreciation	(4,657)	(3,754)
	Total	3,842	3,514
Furniture and fittings			
	at cost	15,095	12,308
	Less: accumulated depreciation	(10,331)	(9,012)
	Total	4,764	3,296
Heritage assets and works of art			
	at cost	21	-
	at fair value as at 30 June 2007 ⁴	9,299	9,299
	Less: accumulated depreciation	(97)	-
	Total	9,223	9,299

Annual Financial Report

Note 22	Property, infrastructure, plant and equipment (continued)	2008	2007
		\$'000	\$'000
Infrastructure			
Roads, lanes, footpaths, kerb and channel and bridges			
	at cost	5,378	-
	at fair valuation as at 30 June 2006 ⁵	11,537	11,537
	at fair valuation as at 30 June 2007 ⁶	308,255	312,162
	Less: accumulated depreciation	(115,997)	(111,354)
	Total	209,173	212,345
Drains			
	at cost	-	692
	at fair value as at 30 June 2005	-	95,989
	Less: accumulated depreciation	-	(44,262)
	at fair value as at 30 June 2008 ⁷	91,341	-
	Less: accumulated depreciation	(34,316)	-
	Total	57,025	52,419
	Work in progress - at cost	32,098	40,736
	Total property, infrastructure, plant & equipment	1,935,281	1,660,587

1 Land revaluations as at 30 June 2008 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer.

2 Building revaluations as at 30 June 2007 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer. An assessment during 2007/08 of the value of all building assets has indicated that there is no material change required to be made to their carrying value. Council recognised contributed assets (refer to Note 7) at fair value as at 1 July 2007.

3 Land improvement valuations were valued as at 30 June 2006 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2007/08 of the value of all land improvement assets has indicated that there is no material change required to be made to their carrying value.

4 Heritage and works of art valuations as at 30 June 2007 were performed by the following independent valuers:

- Blaski & Sons - mayoral robes, chains & other attire;
- David Thomas - contemporary, visual & public art;
- John Sainsbury - historical photographs; and
- Leonard Joel - historical items & historical artworks.

5 Street furniture and bridges were valued as at 30 June 2006 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2007/08 of the value of all street furniture and bridge assets has indicated that there is no material change required to be made to their carrying value.

6 Roads, lanes, footpaths and kerb and channel were valued as at 30 June 2007 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2007/08 of the value of all roads, footpaths and kerb and channel assets has indicated that there is no material change required to be made to their carrying value.

7 Drains were valued as at 30 June 2008 by Mr D Yeouart BE, MIE Aust., CP Eng.

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.

Drains

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

Heritage assets and works of art

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

Note 22 Property, infrastructure, plant and equipment reconciliation

2008

Infrastructure	Roads, Lanes, Footpaths, Kerb & Channel and Bridges	Drains	Total Infrastructure 2008 \$'000
WDV at beginning of financial year:	212,345	52,419	264,764
Acquisition of assets	5,378	806	6,184
Depreciation (Note 14)	(6,793)	(976)	(7,769)
Revaluation increment (Note 27)	-	4,977	4,977
Transfer to operating	5	(4)	1
WDV of disposals (Note 9)	(1,897)	(62)	(1,959)
Transfer of assets	135	(135)	-
WDV at end of financial year	209,173	57,025	266,198

Land and Buildings	Land - freehold and controlled	Buildings on freehold and controlled land	Land Improvements	Total Land and Buildings 2008 \$'000
WDV at beginning of financial year:	1,180,490	137,375	21,113	1,338,978
Acquisition of assets	-	31,008	183	31,191
Contributed assets (Note 7)	12,111	10,383	-	22,494
Depreciation (Note 14)	-	(2,776)	(1,271)	(4,047)
Revaluation increment (Note 27)	268,545	-	-	268,545
WDV of disposals (Note 9)	(20,602)	(17,351)	(41)	(37,994)
Transfer to operating	-	(11)	-	(11)
Transfer of assets	1,155	(1,155)	-	-
WDV at end of financial year	1,441,699	157,473	19,984	1,619,156

Plant and equipment	Plant and Equipment	Furniture, Vehicles and IT equipment	Heritage and Art works	Total Plant and Equipment 2008 \$'000
WDV at beginning of financial year:	3,514	3,296	9,299	16,109
Acquisition of assets	1,230	2,928	21	4,179
Council share of Joint Venture assets (Note 39)	-	38	-	38
Depreciation (Note 14)	(903)	(1,494)	(97)	(2,494)
Revaluation increment (Note 27)	-	-	-	-
Transfer to operating	1	-	-	1
WDV of disposals (Note 9)	-	(4)	-	(4)
WDV at end of financial year	3,842	4,764	9,223	17,829

Total	Work In Progress	Total Non Current Assets 2008 \$'000
WDV at beginning of financial year:	40,736	1,660,587
Acquisition of assets	19,137	60,691
Contributed Assets (Note 7)	-	22,494
Council share of Joint Venture Assets (Note 39)	-	38
Depreciation (Note 14)	-	(14,310)
Revaluation increment (Note 27)	-	273,522
WDV of disposals (Note 9)	-	(39,957)
Transfer to operating	(473)	(482)
Capitalisations of W.I.P	(27,302)	(27,302)
WDV at end of financial year	32,098	1,935,281

Annual Financial Report

Note 22 Property, infrastructure, plant and equipment reconciliation

2007

Infrastructure	Roads, Lanes, Footpaths, Kerb & Channel and Bridges	Drains	Total Infrastructure 2007 \$'000
WDV at beginning of financial year:	190,123	52,741	242,864
Acquisition of assets	2,474	642	3,116
Depreciation (Note 14)	(5,866)	(964)	(6,830)
Assets held for sale (Note 21)	(92)	-	(92)
Revaluation increment (Note 27)	25,706	-	25,706
WDV of disposals (Note 9)	-	-	-
WDV at end of financial year	212,345	52,419	264,764

Land and Buildings	Land - freehold and controlled	Buildings on freehold and controlled land	Land Improvements	Total Land and Buildings 2007 \$'000
WDV at beginning of financial year:	1,033,882	106,855	22,454	1,163,191
Acquisition of assets	1,459	1,178	-	2,637
Depreciation (Note 14)	-	(2,086)	(1,341)	(3,427)
Assets held for sale (Note 21)	(1,550)	-	-	(1,550)
Revaluation increment (Note 27)	146,699	31,428	-	178,127
WDV of disposals (Note 9)	-	-	-	-
Transfer of assets	-	-	-	-
WDV at end of financial year	1,180,490	137,375	21,113	1,338,978

Plant and equipment	Plant and Equipment	Furniture, Vehicles and IT equipment	Heritage and Art works	Total Plant and Equipment 2007 \$'000
WDV at beginning of financial year:	3,094	2,885	7,612	13,591
Acquisition of assets	1,261	1,329	-	2,590
Council share of Joint Venture Assets (Note 39)	-	441	-	441
Depreciation (Note 14)	(841)	(1,349)	(78)	(2,268)
Revaluation increment (Note 27)	-	-	1,765	1,765
WDV of disposals (Note 9)	-	(10)	-	(10)
WDV at end of financial year	3,514	3,296	9,299	16,109

Annual Financial Report

		2008	2007
		\$'000	\$'000
Note 23	Payables		
	Trade creditors	5,392	2,827
	Accrued expenses	4,879	4,149
	Other	267	-
		10,538	6,977
Note 24	Trust funds and deposits		
	Refundable contract deposits	198	94
	Refundable tender deposits	4	9
	Refundable asset protection deposits	864	314
	Refundable Statewide Primary Care Partnership funds	100	-
	Refundable tenancy bonds	172	111
	Other refundable deposits	461	336
		1,799	863

Annual Financial Report

Note 25 Provisions

	Annual leave \$ '000	Long service leave \$ '000	Retirement gratuity \$ '000	Joint venture employees \$ '000	Other \$ '000	Total \$ '000
2008						
Balance at beginning of the financial year	2,656	4,426	302	552	130	8,066
Additional provisions	2,803	631	(25)	195	183	3,787
Amounts used	(2,719)	(649)	(94)	(200)	(306)	(3,968)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	(115)	189	(15)	-	-	59
Balance at the end of the financial year	2,625	4,597	168	547	7	7,944
2007						
Balance at beginning of the financial year	2,573	4,059	345	511	169	7,657
Additional provisions	2,676	982	13	202	219	4,092
Amounts used	(2,591)	(570)	(31)	(161)	(258)	(3,611)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	(2)	(45)	(25)	-	-	(72)
Balance at the end of the financial year	2,656	4,426	302	552	130	8,066
					2008	2007
					\$'000	\$'000
(a) Employee benefits						
Current (i)						
Annual leave					2,625	2,656
Long service leave					3,645	3,529
Retirement gratuity					168	302
Joint venture employees					547	552
Other					7	130
					6,992	7,169
Non-current (ii)						
Annual leave					-	-
Long service leave					952	897
Retirement gratuity					-	-
Joint venture employees					-	-
					952	897
Aggregate carrying amount of employee benefits:						
Current					6,992	7,169
Non-current					952	897
					7,944	8,066
The following assumptions were adopted in measuring the present value of employee benefits:						
Weighted average increase in employee costs					4.75%	4.00%
Weighted average discount rates					6.61%	6.34%
(i) Current						
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value					4,889	5,281
- Other short-term employee benefits that do not fall due within 12 months after the end of the period measured at present value					2,103	1,888
					6,992	7,169
(ii) Non-current						
Long service leave representing less than 7 years of continuous service measured at present value					952	897
					No.	No.
Average employee numbers during the financial year					731	717
Number of full time equivalents (FTE) at year end					574	567

Note 26	Interest-bearing liabilities	2008	2007
		\$'000	\$'000
	Current		
	Borrowings - secured against rates and charges	466	4,497
	Joint venture finance lease liability	197	223
		663	4,720
	Non-current		
	Borrowings - secured against rates and charges	2,807	3,272
	Joint venture finance lease liability	413	538
		3,220	3,810
		3,883	8,530
	The maturity profile for Council's borrowings is:		
	Not later than one year	663	4,720
	Later than one year and not later than five years	2,175	2,045
	Later than five years	1,045	1,765
		3,883	8,530
	Finance leases		
	Included in the above is Council's obligations under finance leases for the lease of equipment through the joint venture 'Streetsahead' . The sum is recognised as a liability after deduction of future lease finance charges included in the obligation.		
	Not later than one year	247	283
	Later than one year and not later than five years	458	618
	Later than five years	-	-
	Minimum lease payments	705	901
	Less: Future finance charges	(95)	(140)
	Recognised in the balance sheet as:	610	761
	Current		
	Leases	197	223
	Non-current		
	Leases	413	538
		610	761

Annual Financial Report

Note 27 Reserves

	Balance at beginning of year \$'000	Increment (decrement) \$'000	Balance at end of year \$'000	
(a) Asset revaluation reserves				
2008				
Property				
Land	908,702	268,545	1,177,247	
Land improvements	4,507	-	4,507	
Arts & Heritage	2,416	-	2,416	
Buildings	93,146	-	93,146	
	1,008,771	268,545	1,277,316	
Infrastructure				
Roads, footpaths and bridges	73,188	-	73,188	
Drainage	12,859	4,977	17,836	
	86,047	4,977	91,024	
Total Asset revaluation reserves	1,094,818	273,522	1,368,340	
2007				
Property				
Land	762,003	146,699	908,702	
Land improvements	4,507	-	4,507	
Arts & Heritage	651	1,765	2,416	
Buildings	61,718	31,428	93,146	
	828,879	179,892	1,008,771	
Infrastructure				
Roads, footpaths and bridges	47,482	25,706	73,188	
Drainage	12,859	-	12,859	
	60,341	25,706	86,047	
Total Asset revaluation reserves	889,220	205,598	1,094,818	
(b) Other reserves				
2008				
General Reserve	13,126	11,632	(6,115)	18,643
Resort and recreation reserve	1,498	2,239	(2,300)	1,437
Contributions for car parking reserve	980	-	-	980
Contribution for C13 infrastructure	139	-	-	139
Total Other reserves	15,743	13,871	(8,415)	21,199
2007				
General Reserve	9,285	9,654	(5,813)	13,126
Resort and recreation reserve	3,315	1,947	(3,764)	1,498
Contributions for car parking reserve	862	118	-	980
Contribution for C13 infrastructure	139	-	-	139
Total Other reserves	13,601	11,719	(9,577)	15,743
Total Reserves				
		2008	2007	
		\$'000	\$'000	
		1,389,539	1,110,561	

Resort and recreation reserve

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

Contributions for car parking reserve

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

Contributions for C13 infrastructure reserve

The C13 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure.

	2008 \$'000	2007 \$'000
Note 28	Reconciliation of cash flows provided by operating activities to surplus for the year	
Surplus / (deficit) for the year	(624)	20,132
Depreciation (see Note 14)	14,310	12,525
Loss on disposal of property, plant and equipment (see Note 9)	39,909	6
Repayment of finance leases relating to Streetsahead joint venture	-	286
Non monetary contributed assets	(22,494)	-
Finance costs (see Note 16)	342	554
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in receivables	(1,951)	1,655
(Increase)/decrease in accrued income	122	292
(Increase)/decrease in prepayments	(298)	566
Increase/(decrease) in payables & trust funds	4,497	57
Increase/(decrease) in provisions	(122)	409
Net cash provided by operating activities	33,691	36,482
Note 29	Reconciliation of cash and cash equivalents	
Cash deposits (see Note 17)	10,307	2,652
Cash equivalents - Bank Bills with maturity less than 3 months	13,000	34,250
	23,307	36,902
Note 30	Financing arrangements	
Bank overdraft	1,500	1,500
Used facilities	-	-
Unused facilities	1,500	1,500
Credit Card facilities	94	94
Used facilities	4	5
Unused facilities	90	89
Note 31	Restricted assets	
Council has Cash Assets (Note 17) and Other Financial Assets (Note 18) 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 24)	1,799	863
Long service leave*	5,000	4,600
Statutory reserve balances (Note 27b)	2,556	2,617
	9,355	8,080

* 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 Note 25 due to a different basis of calculation prescribed by the regulation.

Additionally, included in Assets Note 22 'Property, infrastructure, plant and equipment' are housing assets which have restrictions on them. These assets which total \$7.5 million (2006/2007: \$42.3 million) are used for community housing and were purchased with assistance from State Government. This funding imposes restrictions preventing Council from using these assets for any other purpose. If the funding conditions in the respective funding agreements for each property are defaulted upon, Council is liable to repay to the State Government an amount determined in those agreements. Based upon the \$7.5 million written down value included in the accounts, the amount that would be required to be repaid to the State Government in a default situation would be \$6.0 million (2006/2007: \$26.3 million). During the 2007/2008 financial year, Council formally transferred ownership of its community housing assets to the Port Phillip Housing Trust.

Annual Financial Report

Note 32 Superannuation

Council makes employer superannuation contributions in respect of its employees to the Vision Super - Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense when they are due. 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 2008 and 2007) 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.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan which was closed to new members from 31 December 1993. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Fund's actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan. The next actuarial review will take place at 31 December 2008. Council makes the following contributions:

- 9.25% of members' salaries (same as previous year) and
- the difference between resignation and retrenchment benefits paid to any retrenched employees (same as previous year).

The Fund's liability for all employer members accrued benefits was determined by the Actuary at 30 June 2007 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	30-Jun-07
	\$'000
Net market value of assets	4,102,154
Accrued benefits (per accounting standards)	3,923,436
Difference between assets and accrued benefits	178,718
Vested benefits	3,572,589

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

Net Investment Return	8.0%p.a.
Salary Inflation	5.5%p.a.
Price Inflation	3.0%p.a.

	2008	2007
	\$'000	\$'000
City of Port Phillip employer contributions to Local Authorities Superannuation Fund (Vision Super) - Defined Benefits Plan	456	464
City of Port Phillip employer contributions to Local Authorities Superannuation Fund (Vision Super) - Accumulation	2,592	2,386
City of Port Phillip employer contributions payable to Local Authorities Superannuation Fund at reporting date	-	-
	3,048	2,850

Refer to Note 35 for Council's ongoing exposure in relation to the Fund's Defined Benefit Plan.

Note 33 Commitments

The Council has entered into the following commitments:

2008	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Operating				
Assurance services/Internal audit	30	-	-	30
Civil infrastructure construction	7,097	28,388	7,097	42,582
Cleaning	1,665	579	-	2,244
Community centre maintenance	54	108	-	162
Computer services	490	505	-	995
Election services	317	-	-	317
Electricity supply	1,200	2,400	-	3,600
Food production (Aged and Community care)	550	-	-	550
Health services	50	100	-	150
Parking services	1,995	3,230	-	5,225
Publicity and advertising	245	445	-	690
Recycling collection	1,528	3,820	-	5,348
Rubbish collection	1,764	4,068	-	5,832
Street furniture	200	800	200	1,200
Street tree & parks maintenance	3,958	7,916	-	11,874
Valuations	250	-	-	250
Vehicle management	100	300	-	400
	21,493	52,659	7,297	81,449
Capital				
Construction	5,524	-	-	5,524
TOTAL	27,017	52,659	7,297	86,973
<hr/>				
2007	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Operating				
Assurance Services/Internal audit	60	-	-	60
Buidling Condition Audit	63	-	-	65
Call Centre Manager Upgrade	63	20	-	83
Civil infrastructure - roads maintenance	7,177	28,388	14,194	49,759
Cleaning	1,075	1,102	-	2,177
Community Centre Maintenance	54	-	-	54
Consultancy	348	-	-	348
Food production (Aged and Community care)	528	550	-	1,078
Parking services	2,198	4,884	-	7,082
Rates/revenue management	790	840	-	1,630
Recycling collection	1,250	2,500	-	3,750
Resource management Collection	547	1,143	-	1,690
Rubbish collection	1,497	2,880	-	4,377
Security services	265	265	-	530
St Kilda Film Festival	30	30	-	60
Street tree & parks maintenance	3,958	1,895	-	5,853
Valuations and property mgt. services	500	-	-	500
	20,403	44,497	14,194	79,094
Capital				
Construction	11,735	-	-	11,735
TOTAL	32,138	44,497	14,194	90,829

Annual Financial Report

	2008	2007
	\$'000	\$'000
Note 34		
Operating lease commitments		
<i>Operating lease commitments</i>		
At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities. These obligations are not recognised as liabilities.		
Not later than one year	1,154	961
Later than one year and not later than five years	1,281	1,007
Later than five years	-	-
	2,435	1,968
At the reporting date, Council was a party as lessor under non-cancellable operating leases for the lease of land and buildings. These future commitments of income inflows are not recognised as assets.		
<i>Operating lease and licence receivables</i>		
Not later than one year	3,292	1,461
Later than one year and not later than five years	7,469	5,149
Later than five years	7,906	13,815
	18,667	20,425
Note 35		
Contingent liabilities and contingent assets		
<i>Contingent liabilities</i>		
Superannuation		
Council has possible future obligations in respect of the defined benefits category of the Local Authorities Superannuation Fund. Refer Note 32.		
Public & Products Liability		
As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$400 million of public & products liability insurance and had an excess of \$10,000 for individual claims on this policy in 2007/2008. 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 \$300 million of professional indemnity insurance and had an excess of \$20,000 on this policy in 2007/2008. 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 a number of confidential legal matters which are being conducted through Council's solicitors. These matters are yet to be finalised and the financial outcome cannot be determined.		
<i>Contingent assets</i>		
Open space contributions		
Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.	1,415	1,645

Note 36 Financial Instruments

(a) Accounting policy, terms and conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalent assets	17	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Bank bills with a maturity of less than three months are recognised as cash equivalents and are valued at cost.</p>	<p>On call deposits returned floating interest rates of between 6.15% and 8.10% in 2007/2008 (2006/2007: 5.65% and 6.40%). The interest rate at balance date was between 7.15% and 8.10% in 2007/2008 (2006/2007: 6.15% and 6.40%).</p>
Other financial assets	18	<p>Bank bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.</p>	<p>Bank Bills returned fixed interest rates of between 6.53% and 8.94% in 2007/2008 (2006/2007: 5.65% to 6.62%).</p>
Other debtors	19	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and do not attract interest. Credit terms are based between 0 and 30 days depending on nature of service.</p>
Financial Liabilities			
Payables	23	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.</p>
Interest-bearing liabilities	26	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p> <p>Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings was fixed at 6.15% in 2007/2008 (6.15% in 2006/2007).</p> <p>As at balance date, the Council did not directly hold any finance leases other than through their interest in the Joint Venture 'Streetsahead'.</p> <p>Lease terms are generally between 2 and 5 years in duration. Interest rates vary according to when the contract was implemented. At balance date, interest rates ranged from 7.33% to 9.03% in 2007/2008 (2006/2007: 7.40% to 8.72%).</p>
Trust Funds and deposits	24	<p>Funds received on behalf of third parties and to which CoPP has no present entitlement are carried at the gross amount and do not attract interest.</p>	<p>Trust funds are unsecured, not subject to interest charges and vary in the timing of settlement in accordance with their specific terms.</p>

Annual Financial Report

(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:

2008	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 and cash equivalents	10,271	13,000	-	-	36	23,307
Other financial assets	-	8,000	6,000	-	-	14,000
Receivables (excluding Rates, Parking and GST receivables)	2,846	-	-	-	-	2,846
Total financial assets	13,117	21,000	6,000	-	36	40,153
Weighted average interest rate	7.86%	7.78%	8.62%	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	10,538	10,538
Trust funds	-	-	-	-	1,799	1,799
Interest-bearing liabilities including finance leases	-	663	2,175	1,045	-	3,883
Total financial liabilities	-	663	2,175	1,045	12,337	16,220
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	13,117	20,337	3,825	(1,045)	(12,301)	23,933
2007						
2007	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 and cash equivalents	2,620	34,250	-	-	32	36,902
Other financial assets	-	4,600	-	-	-	4,600
Receivables (excluding Rates, Parking and GST receivables)	2,428	-	-	-	-	2,428
Total financial assets	5,048	38,850	-	-	32	43,930
Weighted average interest rate	6.40%	6.54%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	6,977	6,977
Trust funds	-	-	-	-	863	863
Interest-bearing liabilities including finance leases	-	4,720	2,046	1,765	-	8,531
Total financial liabilities	-	4,720	2,046	1,765	7,840	16,371
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	5,048	34,130	(2,046)	(1,765)	(7,808)	27,559

(c) Net fair values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial assets				
Cash assets	23,307	36,902	23,307	36,902
Other financial assets	14,000	4,600	14,000	4,600
Receivables	2,846	2,428	2,846	2,428
Total financial assets	40,153	43,930	40,153	43,930
Financial liabilities				
Payables	10,538	6,977	10,538	6,977
Trust funds	1,799	863	1,799	863
Interest bearing liabilities including finance leases	3,883	8,531	3,883	8,531
Total financial liabilities	16,220	16,371	16,220	16,371

(d) Credit risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

Our loan borrowings have been sourced from a major Australian bank following a tender process. Finance leases are sourced from major Australian financial institutions. Our overdraft facility has been arranged with a major Australian bank. Our loan borrowings are at a fixed rate of interest (6.15% p.a.) and our interest rate risk on our borrowings is managed by:

- setting prudential limits on interest repayments as a percentage of rate revenue; and
- ensuring access to diverse sources of funding.

We manage our future borrowing requirements by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each

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

- conformity with investment powers regulated by the State,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns against the Reserve Bank of Australia cash rate; and
- regular comparisons of interest revenue to budget.

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

Liquidity risk

The table below lists the contractual maturities for Council's Financial Liabilities. These amounts represent undiscounted gross payments including both principal and interest amounts.

2008	0 - 12 months	1 - 2 years	2 - 5 years	> 5 years	Contracted Cash Flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	11,592	-	-	-	11,592	10,538
Trust funds and deposits	1,799	-	-	-	1,799	1,799
Interest bearing liabilities including finance leases	903	884	2,314	657	4,758	3,883
	14,294	884	2,314	657	18,149	16,220
2007	0 - 12 months	1 - 2 years	2 - 5 years	> 5 years	Contracted Cash Flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	7,675	-	-	-	7,675	6,977
Trust funds and deposits	863	-	-	-	863	863
Interest bearing liabilities including finance leases	4,999	810	2,433	1,313	9,555	8,530
	13,537	810	2,433	1,313	18,093	16,370

Annual Financial Report

Note 37	Auditors' remuneration	2008	2007
		\$'000	\$'000
	Audit fee to conduct external audit - Victorian Auditor-General	54	54
	Internal audit fees and other like services - WHK Day Neilson	58	78
		112	132

Note 38 **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	Janet Cribbes (Mayor - 6 December 07 to Present; Councillor - 1 July 07 to 6 December 07)
	Janet Bolitho (Councillor - 6 December 07 to Present; Mayor - 1 July 07 to 6 December 07)
	Dick Gross (Councillor)
	Peter Logan (Councillor)
	Darren Ray (Councillor)
	Karen Sait (Councillor)
	Judith Klepner (Councillor)

Chief Executive Officer David Spokes

(ii) Remuneration of Responsible Persons	2008	2007
	No.	No.
Annual remuneration of responsible persons were within the following bands:		
\$10,000 - \$19,999	5	6
\$20,000 - \$29,999	0	-
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	0	1
\$270,000 - \$279,999	-	1
\$290,000 - \$299,999	1	-
	8	8

	\$'000	\$'000
Total remuneration for the year for Responsible Persons above amounted to	460	443

(iii) No retirement benefits have been made by the Council to a Responsible Person (2006/2007: Nil).

(iv) No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2006/2007: 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 (2006/2007: 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:	2008	2007
	No.	No.
\$100,000 - \$109,999	9	4
\$110,000 - \$119,999	6	4
\$120,000 - \$129,999	3	5
\$130,000 - \$139,999	6	3
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	3
\$200,000 - \$209,999	2	-
\$220,000 - \$229,999	1	-
	31	19

	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers	4,066	2,429

Note 39 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 'Streetsahead' on normal commercial terms and conditions. Council has a 50% interest in the joint venture which is detailed below.

The results from operations and the assets and liabilities of Streetsahead have been consolidated into Council's accounts. The figures below represent Council's 50% share of Streetsahead's accounts as at 30 June 2008. As at the date of producing this report Streetsahead's accounts were awaiting audit clearance.

	2008	2007
	\$'000	\$'000
Revenue from continuing operations	3,471	3,371
Expenses from continuing operations	3,437	3,282
Net surplus from continuing operations	34	88
Income tax expense	-	-
Surplus for the year	34	88

Council's share of the joint venture assets and liabilities are as follows:.		
	2008	2007
	\$'000	\$'000
Current Assets		
Cash assets	1,044	1,073
Receivables	343	309
Other	5	3
Total Current Assets	1,392	1,385
Non-Current Assets		
Property, plant and equipment	742	917
Total Non-current Assets	742	917
Total Assets	2,133	2,302
Current Liabilities		
Payables	208	255
Employee benefits	466	488
Interest bearing liabilities	197	223
Total Current Liabilities	871	966
Non-Current Liabilities		
Employee benefits	81	63
Interest bearing liabilities	413	538
Total Non-Current Liabilities	494	601
Total Liabilities	1,365	1,567
Net Assets	768	735
Represented by:		
Accumulated surplus	296	263
Joint Venture Equity	472	472
Total Equity	768	735

Annual Financial Report

Note 40 Income, expenses and assets by function/activity

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

	Community Assets & Services		Community Development & Planning		Organisation Systems & Support		Other* Not Attributed		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME										
Grants	5,386	6,294	2,591	2,241	2,012	1,728	-	-	9,989	10,263
Other	10,790	13,247	33,016	28,408	5,263	5,048	93,838	68,732	142,907	115,435
TOTAL INCOME	16,176	19,541	35,607	30,649	7,275	6,776	93,838	68,732	152,896	125,698
EXPENSES	50,112	47,688	32,401	29,292	31,096	28,586	39,909	-	153,518	105,566
NET SURPLUS/ (DEFICIT) FOR YEAR	(33,937)	(28,147)	3,205	1,357	(23,821)	(21,810)	53,929	68,732	(624)	20,132
TOTAL ASSETS BY DIVISION	31,233	36,797	(11,513)	(5,690)	1,965,886	1,641,315	-	40,558	1,985,606	1,712,980

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

ACTIVITIES

Community Assets & Services

Responsible for ensuring effective delivery of environmental, engineering, customer and community services.

The Division includes the following Departments:

Asset Services, Infrastructure Services, Community Services, Customer Services, and Buildings & Green Spaces.

Community Development & Planning

Responsible for economic development & tourism, strategic and community planning and facilitation, building and planning, culture & recreation, health and amenity services and parking enforcement.

The Division includes the following Departments:

City Development, Health & Amenity, Economic Development & Tourism, Environment & Renewal, Culture & Recreation and Community Development.

Organisation Systems & Support

Responsible for internal business support in financial management, information systems and human resources; as well as property and regulatory services and corporate planning and performance.

The Division includes the following Departments:

Finance & Investments, Governance & Community Relations, Information Management Group, People & Culture and Corporate Planning & Performance

Note 41 Financial ratios

	2008 \$'000		2007 \$'000		2006 \$'000
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)					
<u>Debt servicing costs</u>	342	=	554	=	554
Total revenue	152,895		125,698		116,298
		0.22%		0.44%	0.48%

Debt servicing costs refer to the payment of interest on loan borrowings, finance leases and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) Debt commitment ratio

(to identify Council's debt redemption strategy)

<u>Debt servicing & redemption costs</u>	4,989	=	1,417	=	891
Rate revenue	71,344		68,732		62,771
		6.99%		2.06%	1.42%

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)

<u>Rate revenue</u>	71,344	=	68,732	=	62,771
Total revenue	130,400		125,698		116,298
		54.71%		54.68%	53.97%

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

(d) Debt Exposure Ratio

(to identify Council's exposure to debt)

<u>Total debt</u>	14,809	=	16,356	=	15,500
Total realisable assets	505,694		449,159		360,719
		1:34.15		1:27.46	1:23.27

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

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

Any liability represented by a restricted asset (Note 31) is excluded from total indebtedness.

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

(e) Working Capital Ratio

(to assess Council's ability to meet current commitments)

<u>Current assets</u>	44,320	=	52,386	=	48,788
Current liabilities	19,992		19,729		15,126
		2.22:1		2.66:1	3.23:1

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

(f) Adjusted Working Capital Ratio

(to assess Council's ability to meet current commitments)

<u>Current assets</u>	44,320	=	52,386	=	48,788
Current liabilities	18,727		18,788		14,893
		2.37:1		2.79:1	3.28:1

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

Annual Financial Report

Note 42 Comparison of Actual to Rate Determination Budget

The principal budget document used by Council to monitor its financial performance is the Cash Income Statement or Rate Determination Statement. This note has been included to provide the reader with a snapshot of Council's performance against that document. The surplus of \$8.797 million is primarily attributable to a cumulative capital works carry over of \$7.149 million which will be funded in the 2008/09 budget (2006/07 - \$19.156 million).

	Rate Determination			
	2008 Actual \$'000	2008 Budget \$'000	2007 Actual \$'000	2007 Budget \$'000
Revenue				
Rates	71,344	70,847	68,732	66,986
Government grants	9,848	7,647	8,359	7,388
Capital revenue	2,239	1,645	1,914	1,415
Parking revenue	21,205	22,429	20,773	21,177
Capital grants	348	805	2,158	1,647
Fees and charges	12,592	13,624	11,859	12,041
Interest received	2,720	1,650	2,103	1,050
Other income	9,852	7,952	8,456	7,373
Total revenue from ordinary activities	130,147	126,599	124,354	119,077
Expenses				
Employee costs	44,326	41,412	41,137	38,697
Contract services	29,713	33,474	27,156	32,074
Materials & other costs	22,917	23,795	21,832	21,839
Depreciation	-	-	-	-
Interest paid	342	218	554	512
Total expenses from ordinary activities	97,299	98,899	90,679	93,122
Net cash surplus from operations for the year	32,848	27,700	33,675	25,955
Capital expenditure	(35,134)	(22,839)	(28,095)	(33,965)
Loan repayments	(4,497)	(4,497)	(862)	(862)
Reserve transfers (net)	(5,456)	(449)	(2,143)	9,284
Brought forward surplus	21,036	21,036	18,461	18,461
Rate determination surplus	8,797	20,951	21,036	18,873

Note 43	Capital expenditure	2008 \$'000	2007 \$'000
	Capital expenditure areas:		
	Roads, lanes, footpaths, kerb and channel and bridges	11,850	4,171
	Drains	62	144
	Buildings	8,824	20,831
	Land improvements	8,474	3,501
	Plant and equipment	1,230	1,092
	Furniture and fittings	2,928	897
	Heritage assets and works of art	21	-
	Total capital works	33,389	30,636
	Represented by:		
	Renewal	10,819	7,368
	Upgrade	12,814	15,356
	Expansion	-	-
	New assets	9,756	7,912
	Total capital works	33,389	30,636
	The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:		
	Total capital works	33,389	30,636
	Asset revaluation movement (see Note 27(a))	273,522	205,598
	Depreciation (see Note 14)	(14,310)	(12,525)
	Written down value of assets disposed (see Note 9)	(39,957)	(10)
	Contributed assets (see Note 7)	22,494	-
	WIP write off to operating expenses (see Note 22)	(482)	(477)
	Joint venture assets consolidated	38	441
	Assets held for sale (see Note 21)	-	(1,642)
	Net movement in property, infrastructure, plant & equipment	274,694	222,021

(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

(d) New assets

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

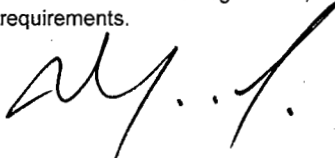
Annual Financial Report

Note 44 Pending Accounting Standards and Interpretations

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2005-10: Amendments to Australian Accounting Standards	<p>AASB 1 First time adoption of AIFRS</p> <p>AASB 101 Presentation of Financial Statements</p> <p>AASB 117 Leases</p> <p>AASB 139 Financial Instruments: Recognition and Measurement</p>	The disclosure requirements of AASB 132: Financial Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments - Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 January 2008	1 July 2008
AASB 2006-3 Amendments to Australian Accounting Standards	<p>AAS 27 Financial Reporting by Local Governments</p> <p>AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A</p>	From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet.	October 2006	1 July 2008
AASB 1004 Contributions	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to contributions contained in AAS 27, there will be no direct impact on the financial report.	1 July 2008	1 July 2008
AASB 1051 Land Under Roads	AAS 27 Financial Reporting by Local Governments	In respect to land under roads acquired before 30 June 2008; allows a Council to elect to recognise or not to recognise an asset; requires any adjustment upon recognition to be made against accumulated surplus; requires a Council to disclose its accounting policy; allows a Council to elect to adopt the fair value or a previous revaluation; requires any above elections to be made effective as at 1 July 2008. Requires that land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 116. The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.	1 July 2008	1 July 2008
AASB 1052 Disaggregated Disclosures	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to disaggregated disclosures contained in AAS 27, there will be no direct impact on the financial report.	1 July 2008	1 July 2008
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31	<p>AAS 27 Financial Reporting by Local Governments</p> <p>Amendments to: AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127, AASB 137</p>	As this Standard broadly reproduces the requirements relating to certain relevant requirements contained in AAS 27, there will be no direct impact on the financial report.	1 July 2008	1 July 2008

Certification of the Financial Report

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



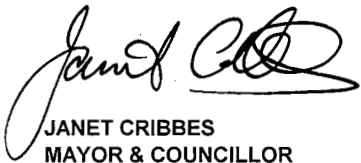
DAVID FILMALTER MBL CA
PRINCIPAL ACCOUNTING OFFICER

Date: 18/9/2008
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 2008 and the financial position of the Council as at that date.

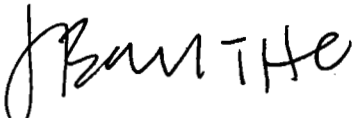
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial report to be misleading or inaccurate.

We were authorised by the Council on 1 September 2008 to certify the financial report in its final form on behalf of the Council.



JANET CRIBBES
MAYOR & COUNCILLOR

Date: 18/9/2008
St Kilda



JANET BOLITHO
DEPUTY MAYOR & COUNCILLOR

Date: 18/9/2008
St Kilda



DAVID SPOKES
CHIEF EXECUTIVE OFFICER

Date: 18/9/2008
St Kilda

Standard statements

Standard Income Statement for the year ending 30 June 2008

	2008 Budget \$'000	2008 Actual \$'000	Variance \$'000	%	Note
Revenue					
Rates and garbage charges	70,847	71,344	497	0.7%	
Operating grants	7,647	9,298	1,651	21.6%	2.1
Capital grants	805	691	(114)	(14.2%)	
Contributions	1,645	24,940	23,295	1416.1%	2.2
Interest	1,650	2,720	1,070	64.8%	2.3
User charges and other fines	10,571	10,271	(300)	(2.8%)	
Statutory fees	2,459	2,321	(138)	(5.6%)	
Parking fees and fines	23,779	22,696	(1,083)	(4.6%)	2.4
Other revenue	2,742	2,661	(81)	(3.0%)	
Rent	5,804	5,953	149	2.6%	
Total Revenues	127,949	152,895	24,946	19.5%	
Expenses					
Employee benefits	41,412	44,028	(2,616)	(6.3%)	2.5
Materials and consumables	14,345	15,515	(1,170)	(8.2%)	2.6
External contracts	33,474	28,476	4,998	14.9%	2.7
Bad and doubtful debts	1,685	1,594	91	5.4%	
Utility payments	2,172	1,823	349	16.1%	2.8
Professional services	3,463	4,105	(642)	(18.5%)	2.9
Borrowing costs	218	342	(124)	(56.9%)	2.10
Depreciation	13,000	14,310	(1,310)	(10.1%)	2.11
Loss on disposal of property, infrastructure, plant and equipment	-	39,909	(39,909)	100.0%	2.12
Other expenses	3,481	3,417	64	1.8%	
Total Expenses	113,250	153,519	(40,269)	(35.6%)	
Surplus / (deficit) for the year	14,699	(624)	(15,323)	(104.2%)	

The accompanying notes form part of this standard statement

Standard Balance Sheet as at 30 June 2008

	2008 Budget \$'000	2008 Actual \$'000	Variance \$'000	%	Note
Current assets					
Cash assets	13,708	23,307	9,599	70.0%	3.1
Other financial assets	-	8,000	8,000	100.0%	3.1
Receivables	10,827	10,585	(242)	(2.2%)	
Accrued income	817	402	(415)	(50.8%)	3.2
Prepayments	652	384	(268)	(41.1%)	3.3
Assets held for sale	-	1,642	1,642	100.0%	3.4
Total current assets	26,004	44,320	18,316	70.4%	
Non-current assets					
Other financial assets	5	6,005	6,000	120000.0%	3.1
Receivables	2	-	(2)	(100.0%)	
Property, infrastructure, plant and equipment	1,519,172	1,935,281	416,109	27.4%	3.5
Total non-current assets	1,519,179	1,941,286	422,107	27.8%	
Total assets	1,545,183	1,985,606	440,423	28.5%	
Current liabilities					
Payables	7,192	10,538	3,346	46.5%	3.6
Trust funds	591	1,799	1,208	204.4%	3.7
Provisions	6,360	6,992	632	9.9%	
Interest-bearing liabilities	466	663	197	42.3%	3.8
Total current liabilities	14,609	19,992	5,383	36.8%	
Non-current liabilities					
Provisions	1,297	952	(345)	(26.6%)	3.9
Interest-bearing liabilities	2,807	3,220	413	14.7%	3.10
Total non-current assets	4,104	4,172	68	1.7%	
Total liabilities	18,713	24,164	5,451	29.1%	
Net assets	1,526,470	1,961,442	434,972	28.5%	
Equity					
Accumulated surplus	579,406	571,903	(7,503)	(1.3%)	
Asset revaluation reserves	939,220	1,368,340	429,120	45.7%	3.11
Other reserves	7,844	21,199	13,355	170.3%	3.12
Total equity	1,526,470	1,961,442	434,972	28.5%	

The accompanying notes form part of this standard statement

Standard statements

Standard Cash Flow Statement for the year ending 30 June 2008

	2008 Budget \$'000	2008 Actual \$'000	Variance \$'000	%	Note
Cash flows from operating activities					
Receipts from customers	72,003	70,650	(1,353)	(1.9%)	
Payments to suppliers (inclusive of GST)	(35,837)	(35,655)	(182)	(0.5%)	
Net cash inflow / (outflow) from customers/suppliers	36,166	34,995	(1,535)	(4.2%)	
Cash flows from investing activities					
Parking fees and fines	22,429	21,403	(1,026)	(4.6%)	
Government grants (inclusive of GST)	7,647	9,460	1,813	23.7%	4.1
Contributions	1,645	2,446	801	48.7%	4.2
Capital grants	805	691	(114)	(14.2%)	
Interest received	1,650	2,842	1,192	72.2%	4.3
Other receipts (inclusive of GST)	21,575	21,611	36	0.2%	
Net GST refund	-	4,573	4,573	100.0%	4.4
Payments to employees	(41,011)	(44,359)	3,348	8.2%	
Other payments	(19,900)	(19,971)	71	0.4%	
Net cash inflow from operating activities	31,006	33,691	2,685	8.7%	
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	-	48	48	100.0%	
Payments for property, infrastructure, plant and equipment	(47,797)	(32,945)	14,852	31.1%	4.5
Payments for other financial assets	(2,786)	(9,400)	(6,614)	(237.4%)	4.6
Net cash (outflow) from investing activities	(50,583)	(42,297)	8,286	(16.4%)	
Cash flows from financing activities					
Repayment of borrowings	(4,497)	(4,647)	150	3.3%	
Borrowing costs	(218)	(342)	124	56.9%	
Net cash (outflow) from financing activities	(4,715)	(4,989)	274	5.8%	
<i>Net increase / (decrease) in cash held</i>	(24,292)	(13,595)	(10,697)	44.0%	
Cash at the beginning of the financial year	38,000	36,902	1,098	2.9%	
Cash at the end of the financial year	13,708	23,307	(9,599)	(70.0%)	
Reconciliation of Operating Result and Net Cash Flows					
Net surplus from operations	14,699	(624)	15,323		
Depreciation	13,000	14,310	(1,310)		
Loss on disposal of property, infrastructure, plant and equipment	-	39,909	(39,909)		
Non monetary contributed assets	-	(22,494)	22,494		
Finance costs	218	342	(124)		
Net movement in assets and liabilities	3,089	2,248	841		
Net cash inflows from operating activities	31,006	33,691	(2,685)		

The accompanying notes form part of this standard statement

Standard Statement of Capital Works for the year ending 30 June 2008

	2008 Budget \$'000	2008 Actual \$'000	Variance \$'000	%
Capital Works Areas				
Roads, lanes, footpaths kerb and channel and bridges	8,288	11,850	(3,562)	(43.0%)
Drains	1,350	62	1,288	95.4%
Buildings	4,282	8,824	(4,542)	(106.1%)
Land improvements	5,030	8,474	(3,444)	(68.5%)
Plant and equipment	550	1,230	(680)	(123.6%)
Furniture and fittings	-	2,928	(2,928)	100.0%
Heritage assets and works of art	-	21	(21)	100.0%
Total capital works	19,500	33,389	13,889	71.2%
Represented by:				
Renewal	10,670	10,819	(149)	(1.4%)
Upgrade	6,280	12,814	(6,534)	(104.0%)
New Assets	2,550	9,756	(7,206)	(282.6%)
Expansion	-	-	-	0.0%
Total capital works	19,500	33,389	13,889	71.2%

	2008 Budget \$'000	2008 Actual \$'000	Variance \$'000
Property, Infrastructure, Plant and Equipment movement reconciliation worksheet			
The movement between the previous year and current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:			
Total capital works	19,500	33,389	13,889
Asset revaluation movement	-	273,522	273,522
Depreciation and amortisation	(13,000)	(14,310)	(1,310)
Written down value of assets disposed	-	(39,957)	(39,957)
WIP write off to operating	-	(482)	(482)
Joint venture assets consolidated	-	38	38
Capital expenditure	3,339	-	(3,339)
Contributed Assets	-	22,494	22,494
Net movement in property, infrastructure, plant and equipment	9,839	274,694	264,855

The accompanying notes form part of this standard statement

Notes to the Standard Statements for the year ended 30 June 2008

Note 1 Basis of preparation of Standard Statements

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

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

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the 2007/2008 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 and/or variances greater than \$2 million. Explanations have not been provided for variations below a materiality threshold of \$200K 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 18 June 2007. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations as their impacts were not considered predictable.

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

Explanation of material variances

Standard Income Statement for the year ending 30 June 2008

Note 2 Variance Explanation Report

Ref.	Item	Explanation
2.1	Operating grants	Favourable variance of \$1.651M received during the year as a result of unbudgeted grants including: - Communtiy Services \$550K for child care centre capital works - Culture and Recreation \$429K for redevelopment of North Port oval - Grants Commission \$122K - Excelsior Hall grant \$150K
2.2	Contributions	Favourable variance of \$23.295M due to the Council gaining control of the St Kilda Triangle site land and buildings and being recognised as a contributed asset this financial year.
2.3	Interest	Favourable variance of \$1.070M due to extra funds being available for investments.
2.4	Parking fees and fines	Unfavourable variance of \$1.083M due to less than expected income generated from the South Melbourne central area pay parking, unfavourable weather conditions and a reduction in vehicles visiting the city directly related to fuel prices.
2.5	Employee Benefits	Additional expenditure of \$2.616M is due to the consolidation of the Streetsahead joint venture project not accounted for in the 2007-08 budget.
2.6	Materials and consumables	Unfavourable variance of \$1.170M due to the impact of a write off of non-capital expenses related to Capital Works projects.
2.7	External contracts	Favourable variance of \$4.998M due to a favourable adjustment of \$2M for the Streetsahead Joint venture, \$683K favourable variance for the early termination of the Rates and Revenue collection contract, both of which were not accounted for in the 2007-08 budget.
2.8	Utility payments	Favourable variance of \$349K due to savings in public lighting costs throughout the financial year.
2.9	Professional services	Additional expenditure of \$642K is attributable to consulting fees relating to the St Kilda's Foreshore project \$251K, as well as other small amounts in various areas across the organisation
2.10	Borrowing Costs	Unfavourable variance of \$124K is related to finance lease costs for the Streetsahead joint venture project not accounted for in the 2007-08 budget.
2.11	Depreciation	Additional depreciation charge of \$1.310M is mainly due to increased road, footpaths and buildings valuations at 30 June 2007 which were not accounted for in the 2007/2008 budget adopted in June 2007.
2.12	Loss on disposal of assets	Unfavourable variance of \$39.909M is attributable to the transfer of Community Housing assets to the Port Phillip Housing Trust in July 2007, which was not accounted for in the 2007/08 budget.

Standard statements

Explanation of material variances continued

Standard Balance Sheet as at 30 June 2008

Note 3 Variance Explanation Report

Ref.	Item	Explanation
3.1	Cash assets and other financial assets - current & non-current	All investments were budgeted as cash assets. The overall variance of \$23.599M is due to the delay in expending the capital works program that is planned for completion during 2008/09 (\$7.149M) and an increase in Council's reserves compared to budget (\$13.355M).
3.2	Accrued income	The variance of \$415K is due to a reduction in year end investment income accruals compared to the estimate projected in the 2007-08 budget.
3.3	Prepayments	The variance of \$268K is due to a reduction in year end prepayments compared to the projections in the 2007-08 budget.
3.4	Assets held for sale	Council is holding a property of 2 Princes Street for sale which was not accounted for when the 2007-08 budget was adopted in June 2007.
3.5	Property, infrastructure, plant and equipment	The variance of \$416M is due to land revaluation increments from the last two financial years, drains revaluation increment, the transfer of Council's housing assets to the Port Phillip Housing Trust and contributed assets during the financial year that were not accounted for when the 2007-08 budget was adopted in June 2007. The adjustments were as follows: <ul style="list-style-type: none"> - Land revaluations \$415M - Disposal of housing assets (\$38M) - Drain revaluation \$5M - Contributed land and building assets \$22M
3.6	Payables	The variance is due to increased accounts payable commitments at year end compared to the estimate projected in the 2007-08 budget.
3.7	Trust funds	The variance of \$1.208M is largely due to Asset Protection Deposits which were not accounted for when the 2007-08 budget was adopted in June 2007.
3.8	Interest bearing liabilities - Current	The variance of \$197K reflects the inclusion of Council's Streetsahead joint venture finance lease liability which was not accounted for when the 2007-08 budget was adopted in June 2007.
3.9	Provisions - Non-current	The favourable variance of \$345K reflects turnover of staff during the financial year, which has reduced the probability of employees reaching entitlement to long service leave.
3.10	Interest bearing liabilities - Non-current	The variance of \$413K reflects the inclusion of Council's Streetsahead joint venture finance lease liability which was not accounted for when the 2007-08 budget was adopted in June 2007.
3.11	Asset revaluation reserves	The variance of \$429M is largely due to land revaluations being undertaken in the 2006-07 and 2007-08 financial years which was not accounted for when the 2007-08 budget was adopted in June 2007.
3.12	Other reserves	The favourable variance of \$13.355M is due to delays in drawing down Council reserves for major projects including: <ul style="list-style-type: none"> - Gasworks remediation \$3.6M - Southport Nursing Home \$3M - Tied grants to specific programs to be delivered \$2.4M

Explanation of material variances continued

Standard Cash Flow Statement for the year ending 30 June 2008

Note 4 Variance Explanation Report

Ref.	Item	Explanation
4.1	Government grants (inclusive of GST)	<i>The favourable variance of \$1.635M is attributable to additional grants for new and existing projects received during the year, which included: - Community Services \$550K for child care centre capital works - Culture and Recreation \$429K for redevelopment of North Port oval - Grants Commission \$122K - Excelsior Hall grant \$150K</i>
4.2	Contributions	<i>The favourable variance of \$801K is due to greater than budgeted developer contribution income.</i>
4.3	Interest received	<i>The favourable variance of \$1.192M is due to an increase in surplus funds available for investment as a result of delays in expending Council's capital program and increases in interest rates.</i>
4.4	Net GST refund	<i>The variance of \$4.573M is attributable to the budget not accounting for receipt of GST refunds from the Australian Tax Office when the 2007-08 budget was adopted in June 2007.</i>
4.5	Payments for property, infrastructure, plant and equipment	<i>The variance of \$14.852M is attributable to Council completing capital works projects carried over from prior years and an improved completion rate for the 2007-08 capital works program during the year.</i>
4.6	Payments for other financial assets	<i>The variance of \$6.614M is attributable to the 2007/2008 budget not reflecting change in Council's investment balances and cash at hand, but reflecting Council's overall cash position as a whole.</i>

Explanation of material variances continued

Standard Statement of Capital Works For the year ending 30 June 2008

Note 5 Variance Explanation Report

Ref.	Item	Explanation
5.1	Roads, lanes, footpaths, kerb and channel and bridges	<i>Overexpenditure of \$3.562M is due to the finalisation of projects carried over from previous financial years. It also reflects the recognition of total cost of assets constructed over a number of financial years.</i>
5.2	Drains	<i>Underexpenditure of \$1.288M due to proposed works in the 07/08 financial year considered to be unfeasible. Funding in future financial years will be determined from the result of drainage studies confirming future needs.</i>
5.3	Buildings	<i>Overexpenditure of \$4.542M due to the finalisation of projects carried over from previous financial years. It also reflects the recognition of total cost of assets constructed over a number of financial years.</i>
5.4	Land improvements	<i>Overexpenditure of \$3.444M due to the finalisation of projects carried over from previous financial years. It also reflects the recognition of total cost of assets constructed over a number of financial years.</i>
5.5	Plant and equipment	<i>The 2007/08 budget figures do not account for the split between plant and equipment; furniture and fittings and heritage assets. Overall variance exceeds budget by \$680K due to the purchase of furniture and fittings for the refurbished St Kilda Town Hall.</i>
5.6	Furniture and fittings	<i>The 2007/08 budget figures do not account for the split between plant and equipment; furniture and fittings and heritage assets. Overall variance exceeds budget by \$680K due to the purchase of furniture and fittings for the refurbished St Kilda Town Hall.</i>
5.7	Heritage assets and works of art	<i>The 2007/08 budget figures do not account for the split between plant and equipment; furniture and fittings and heritage assets. Overall variance exceeds budget by \$21K.</i>
5.8	Upgrade	<i>Overexpenditure of \$6.534M due to the finalisation of projects carried over from previous financial years. It also reflects the recognition of total cost of assets constructed over a number of financial years.</i>
5.9	New Assets	<i>Overexpenditure of \$7.206M due to the finalisation of projects carried over from previous financial years. It also reflects the recognition of total cost of assets constructed over a number of financial years.</i>

Certification of the Standard Statements

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



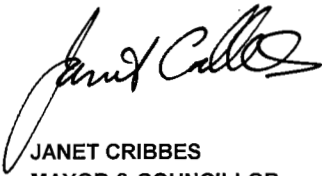
DAVID FILMALTER MBL CA
PRINCIPAL ACCOUNTING OFFICER

Date: 18/9/2008
St Kilda

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

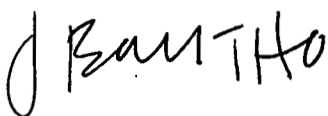
As at the date of signing, we are not aware of any circumstances which would render any particulars in the report to be misleading or inaccurate.

We were authorised by the Council on 1 September 2008 to certify the standard statements in their final form on behalf of the Council.



JANET CRIBBES
MAYOR & COUNCILLOR

Date: 18/9/2008
St Kilda



JANET BOLITHO
DEPUTY MAYOR & COUNCILLOR

Date: 18/9/2008
St Kilda



DAVID SPOKES
CHIEF EXECUTIVE OFFICER

Date: 18/9/2008
St Kilda

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Port Phillip

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2008 of the City of Port Phillip which comprises of an income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2008 of the City of Port Phillip which comprises of a standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors Responsibility for the Financial Report and Standard Statements

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

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

1

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Victorian Auditor-General's Office

Independent Auditor's Report (continued)

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

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

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

This auditor's report relates to the financial statements published in both the annual report and on the website of the City of Port Phillip for the year ended 30 June 2008. 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 auditor's report refers only to the statements named above. 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 the City of Port Phillip web site.

Independence


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

Auditor's Opinion

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of the City of Port Phillip as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
23 September 2008


D D R Pearson
Auditor-General

2

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Auditing in the Public Interest



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Further Information

About the council is available at www.portphillip.vic.gov.au or by calling ASSIST on (03) 9209 6533.