

annual report

20  
16  
/17





Our vision

We are  
beautiful.  
liveable.  
caring.  
inviting.  
bold. real.

We are  
Port Phillip





# annual report

## Who this report is for

This report is designed for a broad audience that reflects the great diversity of our stakeholders, including members of our community, our ratepayers, local businesses, government agencies and departments.

As part of our environmental commitment to reducing paper use, we encourage you to read this report online at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au). If you prefer a printed version, copies are available for review at our town halls and libraries. Alternatively, please contact Council using the contact details provided below.

## Why this report is different

Council is committed to transparent reporting on our performance and activities. In this year's report we outline our achievements as well as the challenges that have impacted performance during the year. We also provide a summary of key activities in each of our nine neighbourhoods.



**Cover photo**  
**- 'Mitsein' by One Fell**  
**Swoop Circus performed**  
**as part of the Acland Street**  
**activation in March.**

photo Aaron Walker

This report uses the best available information. While great care has been taken to ensure the content in the report is accurate, it cannot be guaranteed at time of publication. There may be errors and omissions or it may not be wholly appropriate for your particular purposes. In addition, the publication is a snapshot in time based on historic information which is liable to change. The Port Phillip City Council accepts no responsibility and disclaims all liability for any error, loss or other consequence which may arise from you relying on any information contained in this report.



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Residents receive the cleansing effects of a smoking ceremony at St Kilda Town Hall during NAIDOC Week.

Council respectfully acknowledges the Yalukut Weelam Clan of the Boon Wurrung.

We pay our respect to their Elders, both past and present.

We acknowledge and uphold their continuing relationship to this land.



Our organisational values


**working together**

**courage and integrity**

**creative and strategic thinking**

**personal growth and performance**

**accountability**



New fitness station  
at Moran Reserve,  
Elwood - one of three  
installed across the City.

» read more on  
pages 22, 27-29 and 141

photo: Piers Buxton



# 1

# Welcome

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# About the City of Port Phillip

## Our City

**The Yalukut Weelam clan of the Boon Wurrung are the first people of the City of Port Phillip, with a continued strong connection to the land. Yalukut Weelam means 'river home' or 'people of the river', reflecting the wetlands that once existed between the Yarra River and the foreshore - a landscape that has altered vastly since European settlement.**

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. Port Phillip is one of the oldest areas of European settlement in Melbourne, known and treasured by many for its urban village feel and artistic expression. It is a city of neighbourhoods, each with its own character, defined by its extensive foreshore, heritage buildings, strip shopping precincts and tree-lined streets.

At only 21 square kilometres Port Phillip is one of the smallest and most densely populated municipalities in Victoria, with more than twice the population density of the metropolitan Melbourne average.

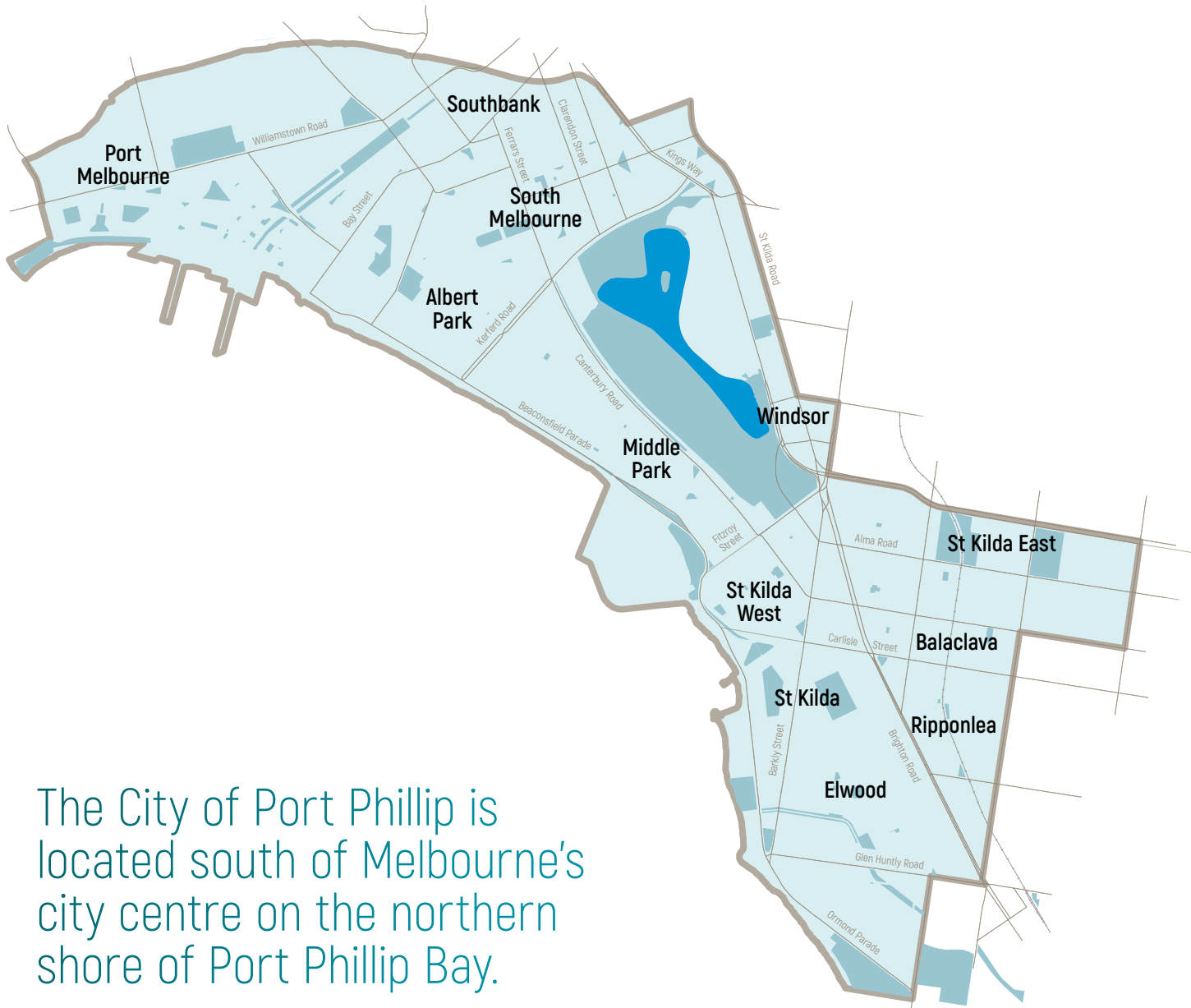
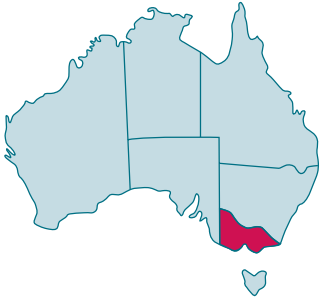
Nearly three million visitors are attracted to our City each year, enjoying vibrant villages, beautiful beaches and local festivals, and making it one of the most visited places in metropolitan Melbourne. The foreshore stretches over 11 kilometres, and a network of public open spaces makes the City a desirable place for residents and visitors.

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

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

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

Size	Foreshore length	Population	Car ownership	Renters	Born overseas
21km <sup>2</sup>	11km	111k	73%	50%	31%



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



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

## A snapshot of our community

**Port Phillip has a diverse community. It is estimated that in 2017 more than 110,967 people live in the City. Our population will continue to grow. Fishermans Bend is expected to be home to around 80,000 residents and provide jobs for 60,000 people over the next four decades.**

A closer look at the resident population in Port Phillip, using the most recent Census data from 2016, shows that 45 per cent of our population is between 35 and 65 years old, while seven per cent are over 70 years old. The number of young people (17 years and younger) has increased slightly in recent years, with an average of 1,400 births in Port Phillip each year.

Despite many families living in Port Phillip, the average household size is small, with singles and couples making up 68 per cent of our community. The majority of our residents rent their homes and around eight per cent of our population is in social or public housing. There is a large proportion of high income households, with 30 per cent of our residents earning \$2,500 or more per week.

Car is the most common method of travel to work, while 26 per cent of residents use public transport, seven per cent walk and four per cent ride bikes.

Over 30 per cent of our residents were born overseas, with the three highest representations being from the United Kingdom (six per cent), New Zealand (three per cent) and India (two per cent). A fifth of our residents speak a language other than English at home (20 per cent), and Greek, Russian and Mandarin are among the most common of these languages.

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

Source: Profile ID - Port Phillip

Dancers enjoying the Port Phillip Community Ball at South Melbourne Town Hall.

» read more on page 21





# The Councillors and I are pleased to present this report of our activities and performance for the 2016/17 financial year.

Councillor Bernadene Voss, Mayor



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

## Our year in review

This year we have delivered on the final year of the Council Plan 2013-17 and achieved great outcomes for our local communities. We achieved almost 100 per cent of the actions and 86 per cent of the measures in the final year of the Council Plan 2013-2017.

One of our first priorities as the newly elected Council in October 2016 was to develop our new Council Plan 2017-27 which sets out our long-term vision for the City and the outcomes we want to see over the next ten years. For the first time it clearly links all Council activities and spending with the outcomes we seek for a bold, liveable, beautiful, inviting and caring city.

## Working in partnership to deliver improved community assets

In November we officially opened the new Acland Street plaza with a community day, 'Acland Street Spring Fling', after we completed the streetscape and tram terminus upgrade works in partnership with Public Transport Victoria and Yarra Trams. The project has

truly transformed this area into a more accessible and appealing place for locals and visitors. A 12 month activation program celebrates our local arts and culture scene, and continues to attract new and local visitors to the precinct.

Council completed construction of the St Kilda Life Saving Club in December, allowing the club to operate its vital beach and life saving services for the busy Christmas and New Year period. We celebrated the opening at an official community day in February.

In March we unveiled the refurbished Palais Theatre after addressing critical maintenance works in partnership with the Victorian Government. The new lease with tenant Live Nation commenced in April. An incredible level of energy and coordination went into readying the Palais for its first shows, including the opening event for St Kilda Film Festival in May.

We were also thrilled to complete the Gasworks Theatre upgrade in June, with the makeover delivering instant benefits for both the community and the local arts industry that will endure over the long term.

## Advocacy for our City

Announced in March, our bid for St Kilda to be the location for the new Victorian Pride Centre was successful after a competitive selection process. Council's investment will accelerate the rejuvenation of Fitzroy Street and bring considerable cultural, social and economic benefits to St Kilda and the wider community. The Pride Centre will contribute to the proud and continuing history of Victoria's LGBTIQ communities.

Council partnered with the Victorian Government to fund integrated community facilities within the South Melbourne Ferrars Street Primary School (interim name) to provide much needed services for the future community of Montague Precinct. Since jointly purchasing land at 2-4 Buckhurst Street with the Victorian Government, Council developed a concept plan for a new park and began demolition of the building on the site ready for future park construction works.

Over the year we worked closely with the Victorian Government and City of Melbourne to advocate for exemplary, innovative, sustainable and well planned urban renewal in Fishermans Bend. Council continues to advocate for early investment in community and transport infrastructure, best practice environmental sustainability, maximised social and affordable housing, and new job creation.

## Providing services that matter to our community

We have continued to improve our existing core services and assets for current residents. Highlights include:

- **Street and beach cleaning** - we invested in new equipment to improve the cleaning of our local shopping strips and beaches
- **Waste reduction** - we installed more litter bins, initiated a year-long trial of compacting bins on the foreshore, collected over two million waste bins and 1.8 million recycling bins and made more than 17,000 hard and green waste collections
- **Young people** - more than 33,000 young people aged 8-11 accessed Council run or funded programs
- **Libraries** - we increased the number of items available by about 15,000 to over 223,000 at our five library branches and via our home library service
- **Recreation** - we inspected over 3,380 playgrounds, installed three new fitness stations, organised 67 free events as part of the Premier's Active April and installed additional lighting on bike routes
- **South Melbourne Market** - over five million people visited the South Melbourne Market during its 150th birthday year.

## A water sensitive city with lower carbon emissions

This year Council increased stormwater harvesting from Elster Creek to irrigate Elwood Park and established the Elster Creek Forum. We also improved water management at the South Melbourne Market and a number of irrigation sites to reduce our use of drinking water.

We continued to invest in reducing emissions, which included installing one of Victorian local government's largest solar panel systems at the St Kilda Town Hall. The system generates enough electricity to reduce greenhouse gas emissions by 300 tonnes each year.

## Changes during the year

Some significant changes have occurred this year including the election of new and returning Councillors in October. I'd like to acknowledge all former Councillors for their contribution to making this City a great place.

Council also transitioned to a new electoral structure of three wards each represented by three councillors. We also farewelled our former CEO, Tracey Slatter and appointed our new CEO, Peter Smith who commenced in May.

## Our long term focus

I am proud to lead a team of Councillors who are committed to the long-term interests of Port Phillip. Already, it is clear that our diversity is a strength when it comes to making decisions that reflect the needs and desires of our communities.

Our long term Council Plan sets us up to effectively address our future challenges and ensure our services meet the needs and demands of our changing communities. Building partnerships is at the heart of our approach.

We will continue to work hard with our partners in the Victorian Government to ensure Fishermans Bend is a unique, welcoming and liveable part of our City we can be proud of. We will work toward revolutionising the way we manage waste and invest in innovative water harvesting and management. We will also focus on providing more transport choices and manage parking as our city grows.

We still have a lot of work to do and are look forward to updating you on our progress over the next four years.



**Councillor Bernadene Voss**

Mayor  
City of Port Phillip



I am proud to lead a professional organisation that is driven by its commitment to put the community at the heart of everything we do.

Peter Smith, Chief Executive Officer



In 2016/17, we delivered another strong financial result with a cumulative cash surplus balance of \$880,000 and low levels of debt.

Within the constraints imposed by the rate cap on all Victorian councils and increasing cost pressures, the organisation focused on delivering services more efficiently and effectively to provide better value to our community.

Overall, we reduced the time it takes people to access our services by 72,258 days and generated \$1.324 million of additional operating savings, contributing to permanent ongoing efficiency savings of over \$2 million (taking the total to over \$7 million over the past three years).

### Highlights for 2016/17

- **Summer management of public spaces** - increased investment and a more coordinated approach to managing high visitation over the peak summer period ensured visitors and residents could enjoy safe and clean public spaces
- **Going digital** - the community is now able to access a greater number of services online, including rates notices, childcare invoices and planning applications
- **Parking management** - we introduced on-the-spot permits for people renewing their parking permits
- **Interactive online map** - we introduced a new online map for smartphones so residents can more easily find Council services and information based on their location.

Council manages over \$2.9 billion in assets to support the delivery of a wide range of services. This year we delivered almost \$31.9 million worth of capital works to upgrade, rehabilitate and grow our assets so that they are safe, reliable, and meet the needs of our growing communities.

Our newly elected Council have set out an ambitious program in their first year through the adoption of the Council Plan 2017-27. I look forward to working alongside the Council and the community to deliver on this program.

**Peter Smith**

Chief Executive Officer

**Beach goers enjoying views of redeveloped St Kilda Life Saving Club and refurbished Palais Theatre.**

» read more on pages 75, 79 and 141





# Challenges our City faces

## We have identified seven significant, long term challenges for our City.

How we respond to these challenges will impact the liveability of our City and the health of our community, and has shaped the way we plan for the future and provide our services.

### Population growth

Port Phillip's population is expected to grow to more than 167,870 people by 2041, a 51 per cent increase from the 2017 estimate of 110,967 people.

This growth will not be uniform across the City. While much of this growth will occur in Fishermans Bend, some established neighbourhoods are also growing and have been for some time.

Population growth and associated demographic and socio-economic shifts will increase demand for all Council services and amenities. Coupled with the rising cost of providing services, increasing demand will stretch services and infrastructure.

### Urbanisation

Population growth will drive an increase in urban density. As more people use our open spaces, roads, footpaths, and facilities we need to make sure our assets are fit for purpose and can cater for greater demand.

Urbanisation brings with it challenges of rising land prices and providing services in a more compact environment. Housing affordability will continue to be a concern.

### Climate change

Port Phillip is already experiencing the impacts of climate change. In the future, we can expect increased flooding of coastal properties and public facilities, storm damage to infrastructure, beach erosion, decreased water quality and security of water supply, reduced summer outdoor activities, and hotter urban spaces.

### Rapid technological change

The world is becoming more connected. People, businesses and governments are increasingly moving online to connect, deliver and access services, obtain information and perform day to day activities. These changes will affect how we deliver services and manage our assets.

### Legislative and policy influence

We operate in a complex legislative and policy environment that directly influences the way we do business. There is an expectation that Council will continue to deliver services, even when state and federal government funding is withdrawn. The Victorian Government imposed cap on rate increases means our ability to control revenue is constrained. Compliance and reporting requirements are increasing.

### Traffic and parking

Managing congestion and parking as our City grows will only be possible by making it easier for people to travel by other means. This will require ongoing investment in walking and cycling infrastructure, behaviour change initiatives, and partnerships with the Victorian Government to deliver projects that invest in our public spaces and increase public transport service levels, capacity and accessibility.

### Changing economic conditions

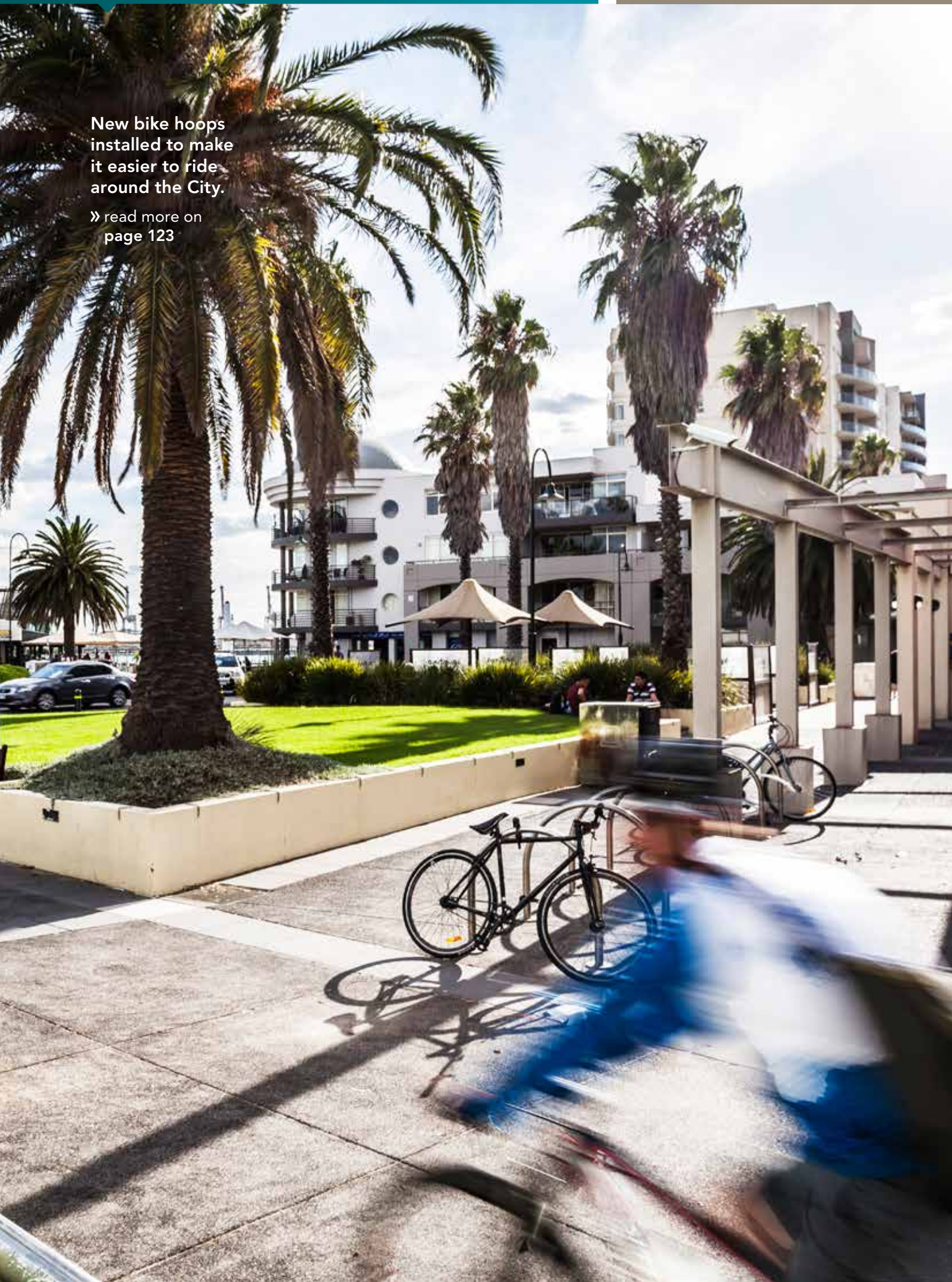
Port Phillip's economy was close to \$12 billion in 2015, contributing 4.2 per cent to the greater Melbourne economy. The City's growing and emerging industries are in professional services, health and education, tourism and construction. Other traditional sectors such as creative and cultural industries will continue to make a valued contribution to Port Phillip's social and economic dynamic if they can be retained and encouraged to prosper.

The spectrum of people considered vulnerable is widening due to increased costs of living, rental and property costs, social exclusion and health inequity.



New bike hoops installed to make it easier to ride around the City.

» read more on page 123





# Our 2027 focus

We are beautiful, liveable, caring, inviting, bold and real.  
We are Port Phillip.

The Council Plan 2013-17 was focused around four key themes of healthy, engaged, resilient and vibrant. The 2016/17 financial year was the last year of that Council Plan, and developing a new Council Plan was a key focus following the Council election.

The Council Plan 2017-27 sets out our long-term vision for the City of Port Phillip, the outcomes

we will work toward over the next ten years and how we will support the current and future health and wellbeing of our City.

The longer term focus helps ensure Council can respond to opportunities and challenges we face in a way that enhances Port Phillip as a place to live, work and visit as our City changes.

The Council Plan 2017-27 delivers five important documents in a single integrated format that combines our Council Plan, Municipal Public Health and Wellbeing Plan, Strategic Resource Plan, Ten Year Financial Outlook, and Annual Budget. The plan is supported by the Port Phillip Planning Scheme.

We will deliver our vision through six directions:

**Direction 1**  
We embrace difference, and people belong

**Direction 2**  
We are connected and it's easy to move around

**Direction 3**  
We have smart solutions for a sustainable future

**Direction 4**  
We are growing and keeping our character

**Direction 5**  
We thrive by harnessing creativity

**Direction 6**  
Our commitment to you

The plan focuses on creating an integrated transport network that offers real travel choice, revolutionising the way we manage waste, particularly green and organic waste, and delivering innovative water management projects.

The plan also focuses on Port Phillip being a welcoming place that supports a diverse and healthy community and a thriving local economy, with a strong emphasis on arts and culture.

It commits Council to working closely with our partners to ensure Fishermans Bend is a unique, liveable community we can be proud of. Finally, the plan

has a strong focus on Council achieving its sustainability goals. This year we have commenced detailed planning and analysis to help us achieve these goals and deliver our vision.

» More information on Council Plan and Budget is available on our website

# Delivering our 2027 vision

We are committed to a continuous cycle of planning, implementing, reporting and review to ensure we deliver the best outcomes for the community. We regularly report on our progress towards achieving the outcomes of the Council Plan, our financial performance and project delivery.

» More information on Performance Reporting is available on our website

## Integrated planning and delivery framework



## Engaging and reporting on the Council Plan







**Substantial growth is anticipated over the next 40 years in Fishermans Bend on the northern edge of Port Phillip.**

» read more on pages 8, 14-16, 27 and 101



# 2

## A snapshot of our year

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# The year in review

- » Gnarnayarrahe Waitairie (back with didgeridoo) with his dance group who performed during NAIDOC Week at St Kilda Town Hall

photo: Steven Rhall



- » Local musicians Mcrobin performed at the Sacred Heart Church as part of Live N Local

photo: Marcus Byrne



- » New playground, community garden, landscaping and furniture at Centenary Reserve, Port Melbourne was opened in August



## July 2016

### NAIDOC week

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

### Car share policy

Adopted Car Share Policy 2016-2021 to address the escalating transport problem in the City

### Open House Melbourne

Ten local buildings opened their doors to the public for the fifth annual Open House Melbourne to connect people with good design and architecture in the City

## August 2016

### Fitzroy Street CCTV

Commenced installing CCTV cameras on Fitzroy Street, St Kilda to help keep residents, visitors and businesses safe

### Live N Local

Celebrated local music with 50 music acts performing at 45 gigs and two artist development days as part of the free Live N Local Festival

### Centenary Reserve Park

Completed upgrade of Centenary Reserve park, Port Melbourne with an official community day to open the club in September

## September 2016

### Planning applications online

Digitised planning applications so people can apply for and view planning applications online

### Caretaker period

Commenced the caretaker period following Council's final meeting on 13 September

☞ Tea Dance at the St Kilda Town Hall launched the Seniors Festival



☞ Celebrated the opening of the new Acland Street plaza with a community day



☞ Port Phillip Councillors at the swearing in ceremony on 7 November

photo: Chris Cassar



## October 2016

### Local election

Worked with the Victorian Electoral Commission to run the local election on 22 October

### Mental Health Week

Acknowledged Mental Health Week with the annual Community Ball at the South Melbourne Town Hall featuring dinner and dancing for 200 residents

### Seniors Festival

Hosted our annual Seniors Festival with 39 events taking place across the city, engaging approximately 2,300 seniors

### CEO resignation

Former CEO Tracey Slatter announced her resignation to take effect at the end of December 2016

## November 2016

### New Council

New Council of nine Councillors representing three wards sworn in and Councillor Bernadene Voss elected Mayor

### Acland Street Spring Fling

Officially opened the new Acland Street plaza with a community day, 'Acland Street Spring Fling', after we completed streetscape and tram terminus upgrade works in partnership with Public Transport Victoria and Yarra Trams

### Ride2Work Day

Led local Ride2Work Day celebrations including preparing a free community breakfast for over 100 bike riders at South Melbourne Market

### New community facilities

Commenced construction of school and community facilities at Ferrars Street Education and Community Precinct

## December 2016

### Council meetings change

Council meeting schedule changed to the first and third Wednesday of each month

### St Kilda Life Saving Club

Completed construction of the St Kilda Life Saving Club, allowing the club to operate its vital beach and life saving services for the busy Christmas and New Year period. An official community day opened the club on 11 February

### New Port Melbourne light poles

Installed new light poles along the Port Melbourne light rail corridor to improve safety for pedestrians, cyclists and tram commuters

### Addressing illegal graffiti

Installed the second of three new street art murals on the corner of Fitzroy and Jackson streets, St Kilda to address tagging and illegal graffiti



Thousands of people attended the South Melbourne Twilight Market



Council Plan community engagement covered a range of pop-up conversation sites across the City throughout January and February



Works were completed in March on the William Street Reserve upgrade in Balaclava



## January 2017

### Increased street cleaning

Increased street cleaning services in Fitzroy Street and other commercial areas in response to community and trader feedback

### Twilight markets

Entertained market goers with a range of stalls, food, bars and bands at the South Melbourne Market's ten week Twilight Market

### New citizens welcomed

Welcomed 100 new citizens from 35 countries to Port Phillip as part of our annual Australia Day celebrations

### Pride March

Raised the Rainbow Flag at all three town halls to celebrate the iconic Pride March and opening of the Midsumma Festival

## February 2017

### Council Plan engagement

Engaged with our community on the development of the Council Plan 2017-27 with special focus group workshops, targeted focus groups, surveys and pop-up conversations

### St Kilda Festival

Free Indigenous arts and music kicked off the St Kilda Festival, with Festival Sunday attracting over 400,000 people

### New fitness equipment

Installed new fitness equipment at Cook Reserve, Port Melbourne with an open day held in April

## March 2017

### Victoria's Pride Centre

Fitzroy Street, St Kilda announced as the home of Victoria's Pride Centre, the first of its kind in Australia

### Palais Theatre unveiled

Unveiled the refurbished Palais Theatre after addressing critical maintenance works in partnership with the Victorian Government

### Ride2School Day

Supported 3,000 students across 14 local schools to participate in Ride2School Day

### William Street Reserve

Upgraded William Street Reserve, Balaclava to protect significant trees and address soil contamination issues

≡ South Melbourne Market celebrated its 150th birthday in May



≡ St Kilda Film Festival opened at the newly refurbished Palais Theatre

photo: Jim Lee



≡ Works to upgrade the Gasworks Theatre were completed



## April 2017

### Premier's Active April

Organised 67 free events as part of the Premier's Active April for people of all fitness levels to take part in and enjoy

### Supported Zoos Victoria

Pledged our support for Zoos Victoria's campaign to reduce the use of balloons outdoors

### New community park

Resolved to seek a planning scheme amendment to close roads surrounding the proposed new community park in Montague

## May 2017

### New CEO

Peter Smith commenced as CEO of the City of Port Phillip

### Reconciliation Plan

Adopted Council's second Reconciliation Action Plan 2017-19

### Live streaming

Commenced live streaming of Council meetings so those unable to attend can access Council decision making

### South Melbourne Market

Officially celebrated the South Melbourne Market 150th anniversary with a free community barbeque street party, exhibition and guided historical tours

### St Kilda Film Festival

Showcased Australian short films at the St Kilda Film Festival with almost 3,000 people attending the opening night at the newly refurbished Palais Theatre

## June 2017

### New Council Plan endorsed

Endorsed the new Council Plan 2017-27 showcasing our ten year vision for our community

### St Kilda's Winter Garden

Supported the St Kilda's Winter Garden event, presented by MAP 57, which transformed the St Kilda Triangle into a glittering winter garden, with a pop up ice rink, comedy, theatre, music, carnival rides and more

### Gasworks Arts Park Theatre

The completion of upgrade work at the Gasworks Theatre building delivered benefits for both the community and local arts industry

### Annual Homeless Memorial

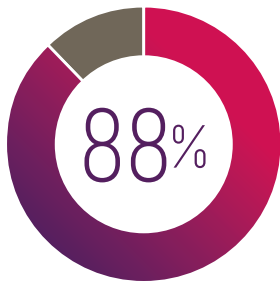
Supported the Annual Homeless Memorial, which was attended by over 250 people



# Our performance at a glance

## Overall performance

### Council Plan measures achieved target



30 out of 34 Council Plan measures achieved target

### Council Plan actions on track



87 out of 89 Council Plan actions were on track

### Targets not achieved

- Kerbside waste diversion (33.1 per cent compared to a target of 35 per cent)
- Use of potable water (238ML compared to a target of 211.5ML)
- Stormwater quality (44.1 tonnes of pollutant removed compared to a target of 47.2 tonnes)
- Number of traffic collisions has increased compared to the previous year (74 in 2015/16 compared to 62 in 2014/15)

### Actions not on track

- The implementation of a project designed to improve local walking and bike riding was slightly delayed
- Works to progress the next steps for the St Kilda Triangle were delayed

# Performance highlights

» More detail on Council's performance for the year is provided in **Chapter 4 Our Performance**.

## Engaged - a well governed City

- Used innovative community engagement to inform development of the Council Plan 2017-27
- Commenced live streaming of Council meetings
- Reduced the time it took to access Council services by the equivalent of 72,258 days and generated \$1.324 million of operating savings
- Exceeded targets for satisfaction with Council's consultation and engagement, integrity, lobbying and performance

## Healthy - a healthy, creative and inclusive City

- Transformed Acland Street, St Kilda into an accessible and appealing plaza
- Completed redevelopment of the St Kilda Life Saving Club
- Prepared a successful bid for Fitzroy Street, St Kilda to be the home of Victoria's Pride Centre
- Progressed establishment of a community and private housing development on the Marlborough Street, Balaclava car park site
- Upgraded the Gasworks Theatre building at Gasworks Arts Park, Albert Park

## Resilient - a strong, innovative and adaptive City

- Installed solar panels on the St Kilda Town Hall
- Addressed the escalating transport problem in the municipality by increasing car share spaces
- Jointly awarded the LGPro Award for Excellence - Sustainability
- Improved water management to reduce Council's use of potable (drinking quality) water

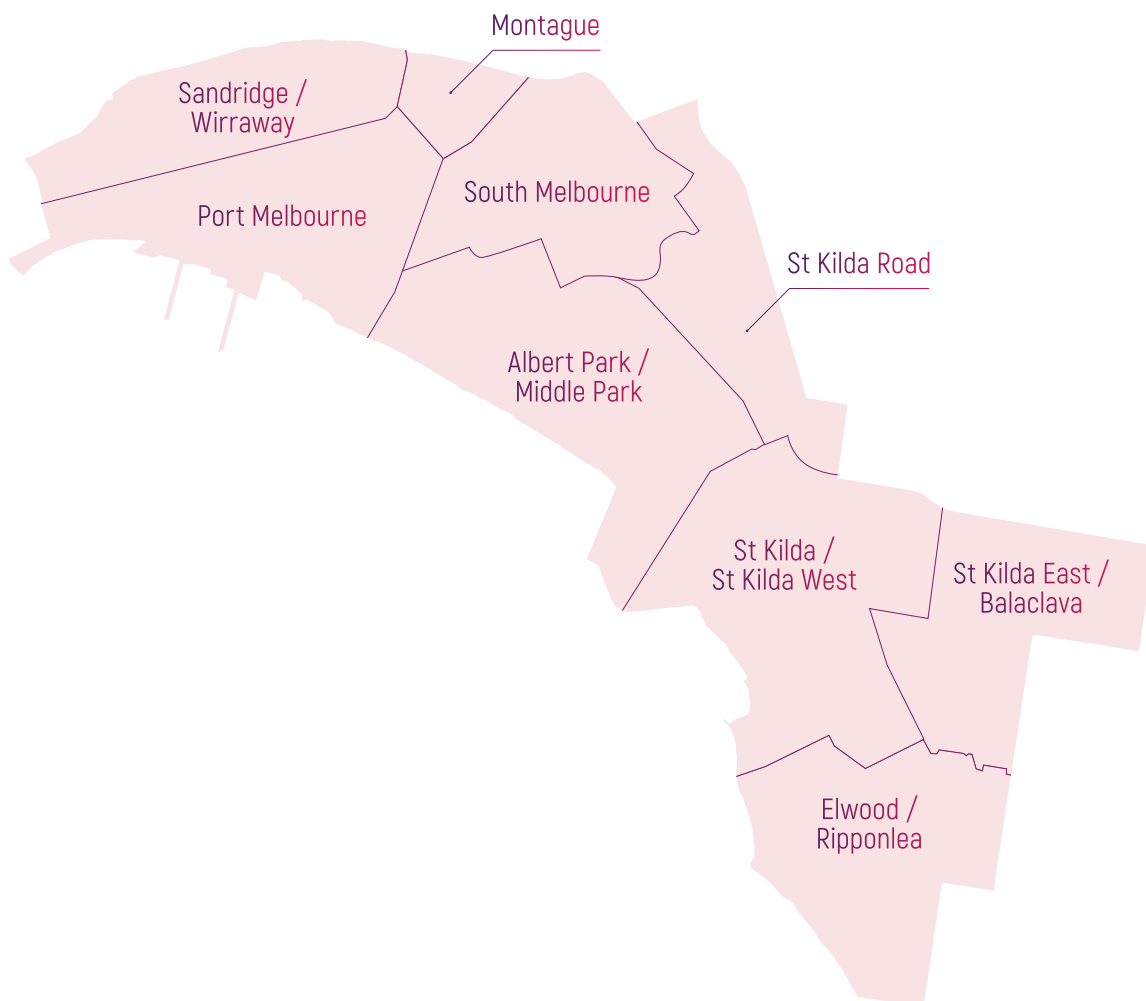
## Vibrant - a liveable and connected City

- Started development of new park and community facilities in the Montague Precinct
- Worked to ensure Council's objectives for Fishermans Bend are realised
- Worked in partnership with the Victorian Government to refurbish the Palais Theatre
- Received award for Vibrant Villages Program



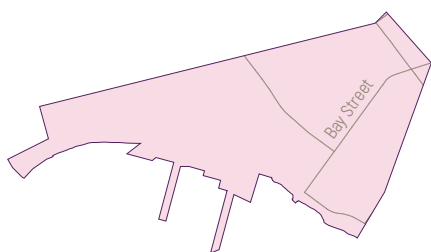
# What happened in your local neighbourhood?

We have nine neighbourhoods, each with distinct character and attributes. Two of these - Sandridge / Wirraway and Montague - are emerging neighbourhoods in Fishermans Bend.



## Port Melbourne

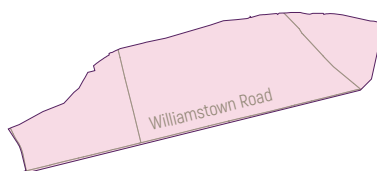
Encompassing most of the suburb of Port Melbourne, this neighbourhood is a gateway to Melbourne via Station Pier. The Waterfront precinct brings a large number of visitors to the neighbourhood and beyond, attracted to the foreshore and beaches as well as the retail and commercial strip along Bay Street.



- Upgraded Centenary Reserve
- Installed additional street lighting along the Port Melbourne Light Rail
- Installed new signage at Station Pier to direct passengers from the Spirit of Tasmania to nearby shopping precincts
- Repaired Beacon Cove Foreshore Promenade
- Renewed the play space at Clark Street Children's Centre
- Installed all abilities fitness equipment at Cook Reserve
- Supported Family Picnic Day in Garden City Reserve, hosted by the Port Melbourne Village Partnership Group in April
- Constructed netball courts at RF Julier Reserve
- Completed civil works at Ross Street between Bridge and Raglan streets
- Commenced works to establish a separate queueing lane for Station Pier passengers

## Sandridge / Wirraway

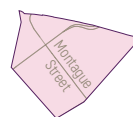
This neighbourhood will transform over the next 30 years as the Fishermans Bend renewal area develops. It is bound by the West Gate Freeway to the north, Williamstown Road to the south, Todd Road to the west and Johnson Street to the east.



- Sought community feedback and ideas to shape a concept design for a new play space at JL Murphy Reserve
- Prepared a concept design for JL Murphy pavilion upgrade with input from the resident sports clubs
- Completed a lighting upgrade project at Woodruff Oval, JL Murphy Reserve
- Implemented the recommendations of the Fishermans Bend Heritage Study, including applying individual heritage overlays to specific properties in the renewal area through Amendment C117

## Montague

Montague is an emerging neighbourhood in Fishermans Bend. It is bound by the West Gate Freeway to the north, the St Kilda Light Rail Line (Route 96) to the east, City Road to the south, and Boundary Street to the west.

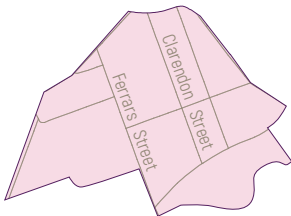


- Consulted on proposed planning scheme amendment and prepared a site for demolition to create a new park
- Commenced construction work on community facilities as part of the new school development at Ferrars Street



## South Melbourne

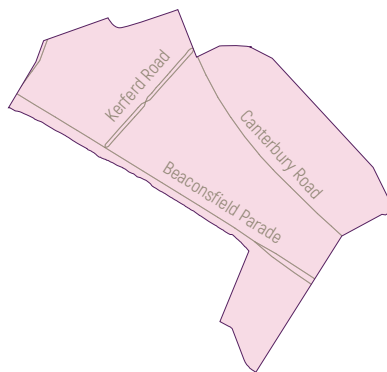
Encompassing most of the suburb of South Melbourne and part of Albert Park, the neighbourhood is one of Melbourne's original suburbs. Clarendon Street and the South Melbourne Market attracts local and regional visitors.



- Improved the streetscape and reconstructed the kerb and channel at Stead Street
- Reconstructed bluestone pitcher pavement and stormwater drains and pits in right of ways adjacent to Palmerston Crescent
- Installed pedestrian improvements at the intersection of Ferrars and Bank streets
- Renamed a reserve, forecourt and two lanes in Emerald Hill to honour local community leaders and a Federal Minister
- Completed civil works on Albert Road between Cecil and Clarendon streets
- Delivered upgrades and safety improvements to the bike lane on Cecil Street
- Upgraded 54 street litter bins along Clarendon Street

## Albert Park / Middle Park

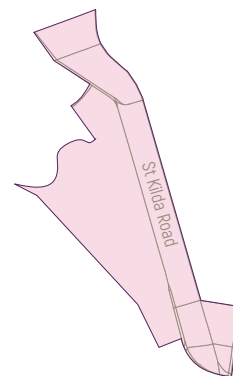
Encompassing the suburb of Middle Park, part of the suburb of Albert Park and part of St Kilda West, this neighbourhood is one of the oldest parts of the City, with significant heritage areas featuring houses from the Victorian and Edwardian eras.



- Upgraded the Gasworks Theatre building
- Improved lighting and safety at the intersection of Richardson and Wright streets and bike connections at Armstrong Street and Canterbury Road
- Improved streetscape on Smith Street between St Vincent and Greig streets
- Obtained coastal consent for redevelopment of South Melbourne Life Saving Club
- Completed a parking review in Albert Park and Middle Park
- Replaced furniture at Albert Park library

## St Kilda Road

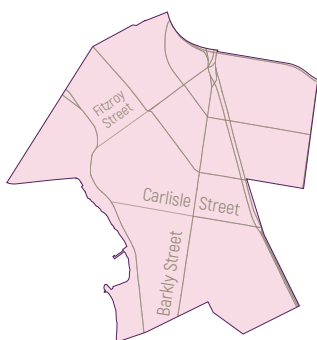
Encompassing parts of the suburbs of Melbourne and Windsor, and parts of Albert Park and South Melbourne, this neighbourhood is unique in the City because of its mix of offices and high-rise residential development.



- Reduced speed limits from 50 km per hour to 40 km per hour in local streets to improve safety for all road users
- Undertook traffic modelling and worked with VicRoads on options regarding proposed protected bike lanes on St Kilda Road
- Installed all abilities fitness equipment at Kings Way (Bowen Crescent) Reserve

## St Kilda / St Kilda West

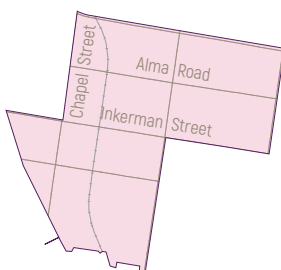
Encompassing the suburbs of St Kilda West (east of Cowderoy Street), most of St Kilda and a small part of Elwood, the neighbourhood is attractive to residents and visitors for its iconic retail strips, significant open spaces and the foreshore.



- Created a pedestrian plaza in Acland Street
- Planted trees and improved Wellington Street to make it safer for all users
- Renewed the playground at Rotary Park
- Refreshed beach showers at West Beach
- Installed new access paths and seating along with minor landscaping works at Marina Reserve
- Completed construction of the St Kilda Life Saving Club
- Refreshed the footbridge on the Upper Esplanade to create a bright and welcoming entrance
- Implemented sustainable and accessible streetscape works at Dickens Street
- Completed kerb extensions at Marlton Crescent and Robertson Avenue

## St Kilda East / Balaclava

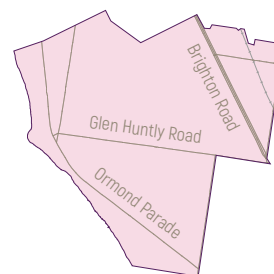
Encompassing the suburb of Balaclava and part of East St Kilda and St Kilda, this neighbourhood has diverse housing types and population. Primarily a residential neighbourhood, the Carlisle Street activity centre, Balaclava Station and Alma Park are key features.



- Renewed Alma Park West pathway
- Supported a well-known street artist to paint walls and fences along the Charles Street laneway
- Completed park upgrade and soil remediation works at William Street Reserve
- Refreshed the children's space at the St Kilda Library

## Elwood / Ripponlea

Encompassing the suburb of Ripponlea and most of Elwood, the neighbourhood is known for its leafy streets and suburban character. Ripponlea Station offers good access to central Melbourne.



- Renewed the public toilets at Point Ormond
- Upgraded fitness equipment, seating and landscaping at Moran Reserve
- Installed shade shelter at Elwood Neighbourhood House
- Installed additional light poles along the bay trail in Elwood
- Implemented sustainable and accessible streetscape works at Quat Quatta Avenue, Ripponlea
- Refreshed beach showers at Elwood beach
- Improved building safety for Elwood Life Saving Club and the Sails on the Bay restaurant
- Completed civil works at Kendal Street between Brighton Road and Tennyson Street

## What you got for \$100

**We delivered a broad range of services to our diverse community of residents, traders, business owners and visitors. This list shows how rates revenue was spent across these services for every \$100 spent in 2016/17.**

» Read more about each of Council's services in **Chapter 4 Our Performance**.

Transport and parking	\$20.76
Public space maintenance	\$9.84
Amenity	\$9.02
Arts, culture and heritage	\$7.13
Governance	\$5.62
Children	\$5.51
Community programs and facilities	\$4.91
Waste reduction	\$4.85
Public space planning and delivery	\$4.43
Libraries	\$3.78
Customer service and engagement	\$3.08
Recreation	\$2.81
Ageing and accessibility	\$2.68
City planning and urban design	\$2.63
Organisational support	\$2.52
Festivals and markets	\$2.33
Sustainability	\$1.97
Families and young people	\$1.47
Municipal emergency management	\$1.27
Economic development and tourism	\$0.94
Local laws and animal management	\$0.87
Health services	\$0.65
Development compliance	\$0.49
Affordable housing and homelessness	\$0.44
Public space permitting - Funded through fees and charges and contributions from parking revenue, not rates.	\$0.00



# Financial report overview

In 2016/17, Council has maintained services and infrastructure in addition to delivering priority projects and service improvements valued by our community. In doing so we have maintained our commitment to continuous improvement and efficiency and keeping rates affordable.

## Financial sustainability indicators

We have delivered another strong financial result and met our strategic financial objectives through achieving of an overall low financial sustainability risk rating when measured against the Victorian Auditor General's financial sustainability indicators.

Indicator					Result
	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Net Result</b> Net result greater than 0%	8.8%	17.5%	2.1%	4.9%	14.6% 
<b>Working Capital</b> Working capital ratio greater than 100%	171%	159%	221%	243%	232% 
<b>Internal Financing</b> Net cashflow from operations to net capital expenditure greater than 100%	82%	57%	134%	115%	155% 
<b>Indebtedness</b> Indebtedness ratio less than 40%	1.5%	2.5%	6.6%	6.3%	5.9% 
<b>Capital Replacement</b> Capital to depreciation greater than 150%	237%	140%	125%	148%	142% 
<b>Infrastructure Renewal Gap</b> Renewal and upgrade to depreciation greater than 100%	56%	101%	89%	91%	115% 
<b>Overall Financial Sustainability Risk Rating</b>	Low	Low	Low	Low	Low 

### Key financial highlights

- Delivering a cumulative cash surplus balance of \$880,000
- Positive underlying result of \$2.5 million (1.25 per cent of total revenue)
- An investment portfolio of \$74.6 million
- Low levels of debt (7.5 per cent of rates revenue)
- A healthy working capital ratio of 232 per cent
- Permanent ongoing efficiency savings of over \$2 million (taking the total to over \$7 million over the past three years).

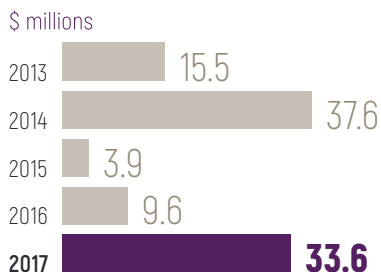
Against a backdrop of increasing cost pressures and rising expectation of service delivery, Council has performed well in delivering on our financial strategy. Nevertheless we are not complacent and understand the increasing expectation our community has that we are prudent in our management of their funds and stewardship of the municipality assets.

## Cash surplus

As part of our financial strategy, the principal financial report used by Council to monitor its financial performance is the Income Statement Converted to Cash. The cash surplus of \$0.88 million is in line with the previously reported forecast.

	2017 Actual S'000
<b>Operating Surplus / (Deficit)</b>	<b>33,644</b>
Depreciation	22,527
Written down value of disposed property, infrastructure, plant and equipment	6,358
Expenses reclassified as operating from Capital Works in Progress (from prior year)	1,705
Non-monetary contributed assets	(20,601)
Share of net losses of associates and joint ventures	24
Capital expenditure	(31,872)
Loan repayments	(643)
Net transfers from / (to) reserves	(12,884)
Brought forward surplus	2,622
<b>Cumulative cash surplus</b>	<b>880</b>

## Net operating result



Achieving an operating surplus is a key component of Council’s long term financial strategy. It provides the capacity to renew our \$2.9 billion worth of community assets, meet debt repayment obligations, and manage the impact of financial risks as they arise.

Council’s 2017 operating surplus of \$33.6 million represents a \$24.0 million increase on the 2016 result. Total operating income increased by \$35.2 million (18.0%) mainly due to:

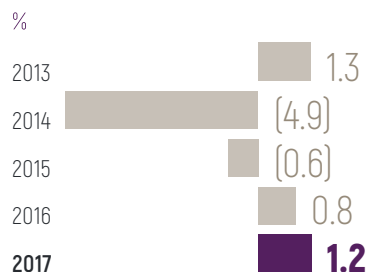
- \$20.6 million of non-cash contributions from the Victorian Government for the Palais Theatre refurbishment and the leaseholder contribution (in excess of the insurance pay out) for the rebuild of the Council owned Stokehouse Restaurant
- \$2.3 million of revenue growth from development contributions which will be used to fund future infrastructure investments in response to population growth.

Total operating expenditure has increased by \$11.2 million (6.0 per cent) primarily due to large one-off projects including:

- **Montague Community Park (interim name)** - demolition and remediation costs to convert the site to open space
- **Ferrars Street Education and Community Centre (South Melbourne Primary School - interim name)** - Council contribution to the build of new facilities to deliver key services to the area
- **Acland Street upgrade** - Council contribution to tram works and post upgrade activation and community events.

The volatile trends over the years, as shown in the graph, are largely due to one off non-cash accounting adjustments. These include a \$42 million non-cash transfer of Beacon Cove assets from the Victorian Government (2014). Council will maintain its focus on efficiency as rates capping is expected to result in a reduction in the net operating result in the medium to long term.

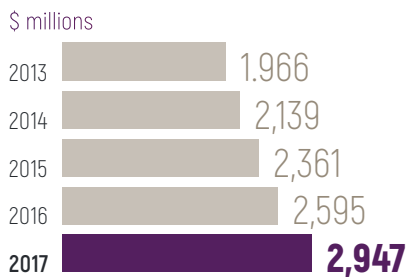
## Underlying result



Council’s underlying operating result in 2017 is a surplus of \$2.49 million which is a slight increase from the prior year result of \$1.5 million.



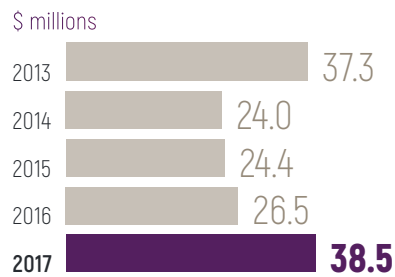
## Net assets



Council has approximately \$2.9 billion in net assets. The main driver for changes in the value of Council's assets is the impact of asset revaluations. These take place over a rolling three year cycle except for land which is revalued annually due to ongoing significant increases in value.

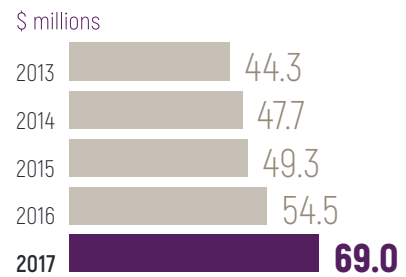
The main driver for the increase in 2017 was an increase in Council's land asset values of \$314 million, an increase in Council building asset values of \$2.6 million and an increase in the value of Council's drainage assets of \$1.9 million.

## Total capital spend



The significant increase in total capital spend in 2017 of \$38.5 million highlights the completion of building works for the Palais Theatre (Council contribution of \$5.5 million), the new St Kilda Life Saving Club (\$2.7 million) and Gasworks Art Park (\$2.2 million). It also includes the land acquired for the new park in Montague (\$6.3 million), which was paid for in the prior 2015/16 financial year and treated as a prepayment.

## Investments



The Council has grown its investment portfolio to approximately \$69 million from \$55 million. This is mainly due to significant development contributions of \$9.1 million.

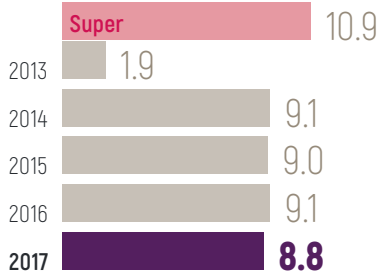
The investments fund general reserves (\$30.9 million), employee leave provisions (\$15.9 million), statutory reserves (\$14.1 million), trust funds (\$4.8 million), and the \$0.8 million carry forward cash surplus.

While Council has reported \$30.9 million in general reserves, a large portion of this relates to contractually committed expenses (such as tied grants), deferred or planned future capital projects, and accumulated savings to repay debt when it falls due.

In the main, Council's investment portfolio comprises term deposits with financial institutions rated not lower than BBB+.

## Total debt

\$ millions



Through tight fiscal management and prudent use of reserves, Council has been able to maintain relatively low levels of debt while increasing its level of capital investment over the past three years. Debt has reduced to around 8 per cent of rates revenue. The spike in debt in 2013 was related to the Vision Super defined benefits shortfall, which was settled in July 2013. In 2014, Council raised \$7.5 million through the Local Government Funding Vehicle for funding capital works. Debt is expected to remain relatively steady in 2018 with no current plans to increase debt levels over the next ten years.

## The year ahead

For 2017/18 we have prepared a balanced budget (with a modest risk buffer) that delivers on a wide range of services and ongoing investment in our strategic priorities, and within a rates increase of 2.0 per cent.

This includes a fully funded project portfolio of \$51.4 million. This will be used to renew, improve, and grow our community infrastructure (including green assets), make improvements to service delivery and asset management, and develop plans for the future.

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

- maximising efficiency and making savings including better project planning and delivery
- ensuring we recover costs through fair and appropriate user charges
- careful management and prioritisation of expenditure to ensure alignment with strategic priorities and best value
- sensible use of borrowings and reserves where appropriate to invest in new or improved assets.

A key priority in 2017/18 will be to deliver the first year initiatives of the new Council Plan whilst ensuring financial sustainability in an environment of population growth, climate change, increasing compliance costs, cost shifting and rates capping.

**Dennis O'Keeffe**

Chief Financial Officer

# Toward Zero progress snapshot

Toward Zero is the City of Port Phillip's sustainable environment strategy to 2020, with nine challenges covering: greenhouse gas emissions, potable water use, waste, contamination and pollution, sustainable transport, sustainable urban design and development, net loss of natural heritage, sustainable purchasing and procurement, and climate change.

Each challenge has targets to achieve by 2020.

» More detail is provided in [Chapter 5 Achieving Toward Zero](#).



## Highlights

### Greenhouse gas emissions in council buildings and services have reduced by 60 per cent since 1997

- Installed a solar panel system at St Kilda Town Hall. This is one of the largest local government installations in Victoria and generates enough electricity to reduce greenhouse gas emissions by 300 tonnes each year
- Installed a new heating and cooling system at St Kilda Library, which is expected to save 50 tonnes of greenhouse gas emissions each year

### Since 2000, Council's potable water usage has reduced by 54 per cent

- Increased stormwater harvesting from Elster Creek to irrigate Elwood Park
- Commissioned leak detection and repairs of irrigation assets
- Commenced submetering at South Melbourne Market to better understand where water is being used
- Continued working with partners to plan for a major stormwater harvesting scheme at Albert Park Lake which, if feasible, will be a significant contributor to Council achieving its 2020 target for potable water use

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

- Planted over 1,110 trees in streets and parks
- Replanted 61,000 plants at Moran Reserve and Elwood Park
- Increased Indigenous vegetated areas by 2,500m<sup>3</sup> and planted indigenous trees on Turner Reserve, Port Melbourne, Elwood Canal and Head Street Reserve, Elwood

## Challenges

Council does not have access to data to track the community's progress on key Toward Zero targets. A data collection project in 2017/18 will address this and enable Council to develop a new Community Action Plan. This will deliver a range of initiatives to support the community to reduce their waste, water and energy use.

There are challenges in tracking the procurement of goods and services that have a positive environmental impact. Council will review its approach to procurement and gather more robust and accurate data in 2017/18.

Balancing the community's desire for high quality open space with Council's target for reducing potable water use is a challenge. Council will continue investigating opportunities to harvest stormwater, however, this is constrained by available space and water quality.



The City of Port Phillip supports Zoos Victoria's campaign to avoid balloons outdoors and use bubbles instead.

» read more on page 122

# 3

## Governing our City

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# Role of local government

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

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

We collaborate with our neighbouring councils, which are the cities of Melbourne, Bayside, Glen Eira and Stonnington.

## In Victoria, the role of a council is to:

- provide leadership for the good governance of the municipal district and the local community
- act as representative government, taking into account the diverse needs of the local community in decision making
- provide leadership by establishing strategic objectives and monitoring achievements
- maintain the viability of the Council by ensuring resources are managed in a responsible and accountable manner
- advocate for the interests of its local community to other communities and governments
- act as a responsible partner in government by taking into account the needs of other communities
- foster community cohesion and encourage active participation in civic life.

## The functions of councils include:

- advocating and promoting proposals in the best interests of the local community
- planning for and providing services and facilities for the local community
- providing and maintaining community infrastructure in the municipal district
- undertaking strategic and land use planning for the municipal district
- raising revenue to enable the council to perform its functions
- making and enforcing local laws
- exercising, performing and discharging the duties, functions and powers of councils under the **Local Government Act 1989** and other Acts
- any other functions relating to the peace, order and good governance of the municipal district.

# Good governance at the City of Port Phillip

## An open and engaging Council

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

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

We encourage community participation and offer opportunities to speak at Council meetings. Confidential reports are kept to a minimum, with every effort made to ensure the majority of decisions are considered in open Council meetings, including tenders and legal matters where possible. We have maintained our commitment to involving people in the process and ensuring decisions are made in the best interests of the whole community.

Council commenced live streaming of Council meetings in May 2017. The live stream can be accessed via Council's website and recordings of past meetings are also available to view.

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

## Councillor Code of Conduct

Council revised its Councillor Code of Conduct at a Special Meeting of Council on 15 February 2017. The Code of Conduct is designed to facilitate the effective functioning of Council and sets out the principles of good conduct for Councillors.

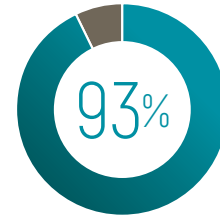
The Code of Conduct requires Councillors to agree to respect and be committed to the stewardship of the City of Port Phillip, and to lead in good governance practice.

It also requires Councillors to embed best practice through a constructive team culture to meet legislative responsibilities. It calls for Councillors to develop and maintain good working relationships with each other and with the organisation so they can deliver positive outcomes and value to the community.

The Code of Conduct requires Councillors to agree to abide by the **Local Government Act 1989**, Section 3C 'Objectives of a Council', which states that the primary objective of a council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.

Finally, the Code of Conduct outlines the role of the Mayor, Councillors and the Chief Executive Officer, legislative obligations of Councillors and an internal issue resolution procedure to deal with potential contraventions of the code.

» The Councillor Code of Conduct is available on our website



The proportion of Council decisions made in public has increased compared to previous years

# Port Phillip City Council

**Council sets the strategic direction for the municipality, develops policy, identifies service standards and monitors performance.**

Until 22 October 2016 the City of Port Phillip was divided into seven wards with one Councillor representing each.

As a result of an electoral representation review conducted by the Victorian Government, the structure of the Port Phillip City Council was changed to three wards with three Councillors per ward. The three wards are:

- Canal Ward
- Gateway Ward
- Lake Ward.

Council's most recent general election was held on Saturday 22 October 2016 under the new ward structure and voters elected nine Councillors in total with three Councillors for each ward. The elected Councillors were sworn in for a four-year term on Monday 7 November 2016. The term of office for each Councillor ends at 6 am on Saturday 24 October 2020.

On Thursday 10 November 2016, at a Special Meeting of Council, Councillor Bernadene Voss was elected Mayor and Councillor Katherine Copsey was elected Deputy Mayor.

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



# Port Phillip City Council

Up to 22 October 2016

From 23 October 2016

Wards

Councillors

Wards

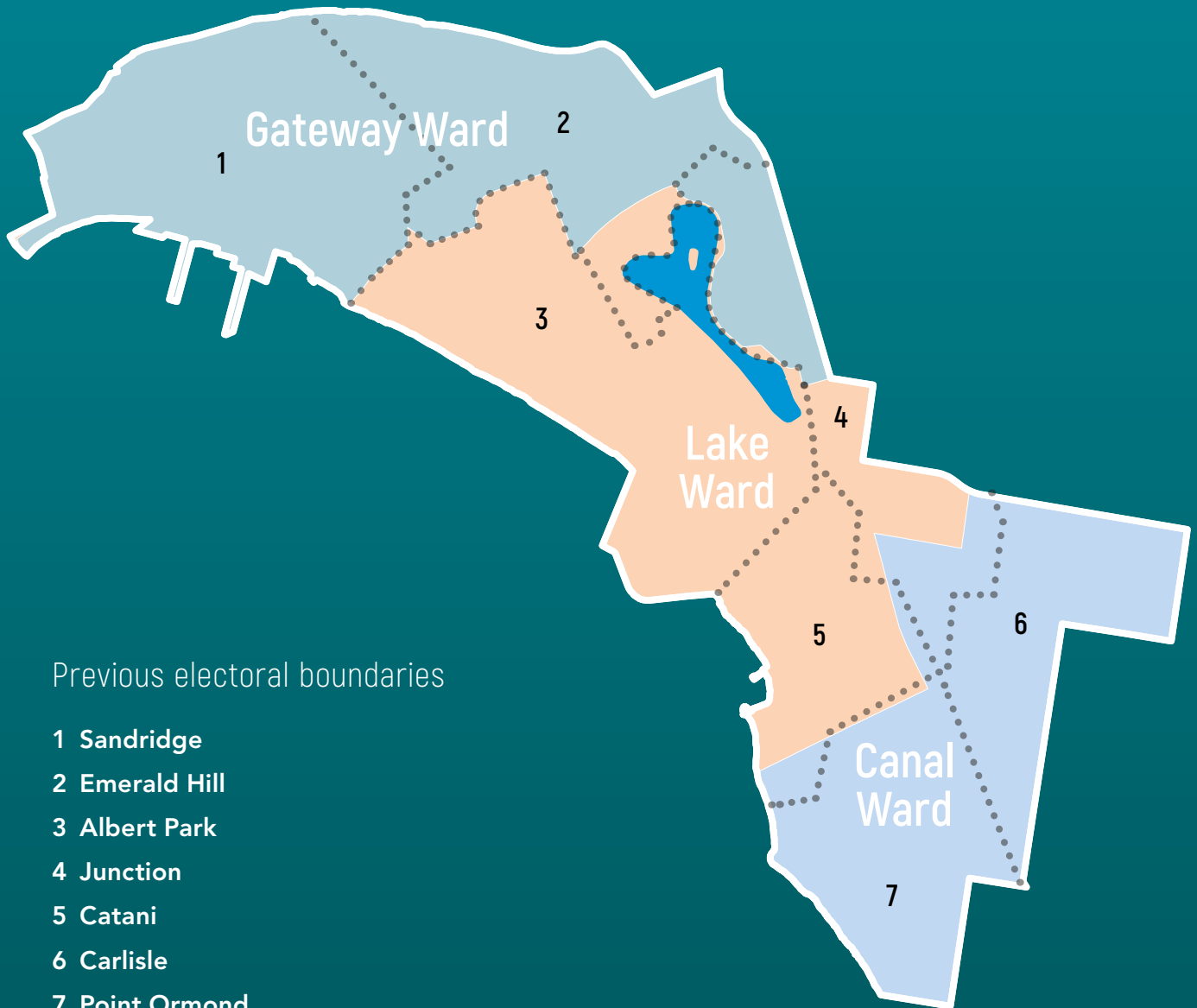
Councillors

7

7

3

9



# Our Councillors

## Gateway Ward



### Councillor Bernadene Voss Mayor

First elected 2012

#### Committee membership

Audit and Risk Committee, Cultural Heritage Reference Committee, Fishermans Bend Community Forum, Board of Bubup Womindjeka Family and Children's Centre, Health and Wellbeing Alliance Committee (reserve), Inner South Melbourne Metropolitan Mayors Forum, Victorian Local Governance Association (Reserve), Council Neighbourhood Programs Committee, South Melbourne Market Management Committee and Inner Melbourne Action Plan (IMAP) Committee.



### Councillor Marcus Pearl

First elected 2016

#### Committee membership

Community Grants Assessment Panel.



### Councillor Ogy Simic

First elected 2016

#### Committee membership

Fishermans Bend Community Forum, Multicultural Forum, Port Phillip Housing Association Ltd. Board of Directors and South Melbourne Market Management Committee.

## Outgoing Councillors

The following Councillors served in the 2016/17 financial year until the election was held in October 2016.

**Councillor Amanda Stevens**  
Albert Park Ward

**Councillor Vanessa Huxley**  
Carlisle Ward

**Councillor Serge Thomann**  
Deputy Mayor  
Catani Ward

**Councillor Anita Horvath**  
Emerald Hill Ward

**Councillor Jane Touzeau**  
Point Ormond Ward

**Councillor Bernadene Voss** (Sandridge Ward) and **Councillor Andrew Bond** (Junction Ward) were re-elected to Council under the new ward structure.

The City of Port Phillip extends its appreciation and thanks to the outgoing Councillors for their service to the community.

## Lake Ward



**Councillor Katherine Copsey  
Deputy Mayor**

First elected 2016

**Committee membership**

Cultural Development Fund Reference Committee, Health and Wellbeing Alliance Committee and Metropolitan Transport Forum.



**Councillor Andrew Bond**

First elected 2012

**Committee membership**

Esplanade Market Advisory Committee, St Kilda Tourism and Events, Statutory Planning Committee and South Melbourne Market Management Committee.



**Councillor David Brand**

First elected 1999-2004, re-elected 2016

**Committee membership**

Art Acquisition Reference Committee, Esplanade Market Advisory Committee, Fishermans Bend Community Forum, Rupert Bunny Foundation Visual Art Fellowship Reference Committee, Linden Board of Management and Metropolitan Transport Forum.

## Canal Ward



**Councillor Tim Baxter**

First elected 2016

**Committee membership**

Friends of Suai / Covalima Community Reference Committee, Association of Bayside Municipalities, Municipal Association of Victoria (Reserve), Port Phillip Multifaith Network Steering Committee and Victorian Local Governance Association.



**Councillor Louise Crawford**

First elected 2016

**Committee membership**

Community Grants Assessment Panel, Gasworks Arts Inc. Board of Management, and Council Neighbourhood Programs Committee.



**Councillor Dick Gross**

First elected 1996-2008, re-elected 2016

**Committee membership**

Audit and Risk Committee, Older Persons Consultative Committee, Association of Bayside Municipalities (Reserve), Metropolitan Waste and Resource Recovery Group and Municipal Association of Victoria.



# Council meetings

**Council meetings are rotated between the St Kilda, South Melbourne and Port Melbourne Town Halls. Five Special Meetings of Council, five Statutory Planning Committee Meetings, seven Planning Forums and 19 Ordinary Meetings of Council were held in 2016/17.**

Until December 2016 the City of Port Phillip had a meeting cycle of two Ordinary Council meetings and one Statutory Planning Committee meeting each month held on a Tuesday commencing at 6 pm.

From February 2017 the meeting cycle was altered to consist of two Ordinary Council meetings each month held on the first and third Wednesday commencing at 6.30 pm and a Planning Forum held at 10.15 am on the day of the Council meeting if Council is discussing statutory or strategic planning items.

The Planning Forum is open to the public and hears community views on the statutory planning permit applications and planning scheme amendments that are being considered by Council that night.

	Ordinary Council meetings	Statutory Planning Committee meetings	Special Council meetings	Attendance
<b>Councillor meeting attendance</b>				
<b>Councillor Tim Baxter</b> (from 7 November 2016)	13	1	5	100%
<b>Councillor Andrew Bond</b> (from 1 July 2016)	19	5	5	100%
<b>Councillor David Brand</b> (from 7 November 2016)	13	1	5	100%
<b>Councillor Katherine Copey</b> (from 7 November 2016)	13	1	5	100%
<b>Councillor Louise Crawford</b> (from 7 November 2016)	11	1	5	89%
<b>Councillor Dick Gross</b> (from 7 November 2016)	11	1	5	89%
<b>Councillor Anita Horvath</b> (until 22 October 2016)	5	3	0	80%
<b>Councillor Vanessa Huxley</b> (until 22 October 2016)	4	2	0	60%
<b>Councillor Marcus Pearl</b> (from 7 November 2016)	13	1	5	100%
<b>Councillor Ogy Simic</b> (from 7 November 2016)	13	1	5	100%
<b>Councillor Amanda Stevens</b> (until 22 October 2016)	5	4	0	90%
<b>Councillor Serge Thomann</b> (until 22 October 2016)	6	3	0	100%
<b>Councillor Jane Touzeau</b> (until 22 October 2016)	6	4	0	100%
<b>Councillor Bernadene Voss</b> (from 1 July 2016)	19	5	5	100%

## Meetings dates and locations

Date	Location
<b>Ordinary Meetings of Council</b>	
Tuesday 12 July 2016	Port Melbourne Town Hall
Tuesday 26 July 2016	St Kilda Town Hall
Tuesday 9 August 2016	South Melbourne Town Hall
Tuesday 23 August 2016	St Kilda Town Hall
Tuesday 13 September 2016	St Kilda Town Hall
Tuesday 4 October 2016	Port Melbourne Town Hall
Tuesday 15 November 2016	St Kilda Town Hall
Tuesday 22 November 2016	St Kilda Town Hall
Tuesday 13 December 2016	St Kilda Town Hall
Wednesday 1 February 2017	Port Melbourne Town Hall
Wednesday 15 February 2017	St Kilda Town Hall
Wednesday 1 March 2017	South Melbourne Town Hall
Wednesday 15 March 2017	St Kilda Town Hall
Wednesday 5 April 2017	Port Melbourne Town Hall
Wednesday 19 April 2017	St Kilda Town Hall
Wednesday 3 May 2017	South Melbourne Town Hall
Wednesday 17 May 2017	St Kilda Town Hall
Wednesday 7 June 2017	Port Melbourne Town Hall
Wednesday 21 June 2017	St Kilda Town Hall

Date	Location
<b>Special Meetings of Council</b>	
Tuesday 7 November 2016	St Kilda Town Hall
Tuesday 10 November 2016	St Kilda Town Hall
Tuesday 6 December 2016	St Kilda Town Hall
Wednesday 15 February 2017	St Kilda Town Hall
Wednesday 8 March 2017	St Kilda Town Hall

<b>Statutory Planning Committee Meetings</b>	
Tuesday 19 July 2016	St Kilda Town Hall
Tuesday 16 August 2016	St Kilda Town Hall
Tuesday 20 September 2016	St Kilda Town Hall
Tuesday 18 October 2016	St Kilda Town Hall
Tuesday 6 December 2016	St Kilda Town Hall

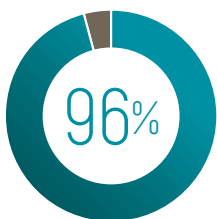
<b>Planning Forums</b>	
Wednesday 1 February 2017	Port Melbourne Town Hall
Wednesday 15 February 2017	St Kilda Town Hall
Wednesday 1 March 2017	South Melbourne Town Hall
Wednesday 15 March 2017	St Kilda Town Hall
Wednesday 19 April 2017	St Kilda Town Hall
Wednesday 3 May 2017	South Melbourne Town Hall
Wednesday 21 June 2017	St Kilda Town Hall

# Councillor allowances and expenses

In accordance with Section 74 of the **Local Government Act 1989**, elected representatives are entitled to receive an allowance while performing their duty as a councillor.

The following table sets out details of current annual allowances fixed for the Mayor and Councillors as at 30 June 2017. These allowances sit within the limits set by the Victorian Government. The Mayor is entitled to receive a higher allowance.

Councillor	Allowance
Councillor Tim Baxter	\$32,445
Councillor Andrew Bond	\$32,445
Councillor David Brand	\$32,445
Councillor Katherine Copsey (Deputy Mayor)	\$32,445
Councillor Louise Crawford	\$32,445
Councillor Dick Gross	\$32,445
Councillor Marcus Pearl	\$32,445
Councillor Ogy Simic	\$32,445
Councillor Bernadene Voss (Mayor)	\$103,632



Councillor attendance at Council meetings has increased compared to previous years

\$48,688

Average cost of governance per Councillor has decreased compared to previous years

## Councillor expenses

The following table sets out a summary of Councillors' expenses for the 2016/17 year. All expenses are related to Councillors' roles and have been incurred in the course of their duties as Councillor.

	Travel expenses	Car mileage expenses	Childcare expenses	ICT expenses	Conference and training expenses	Total
<b>Councillor Tim Baxter</b> (from 7 November 2016)	\$900.49	-	\$1,668.52	\$1,132.88	\$2,198.62	\$5,900.51
<b>Councillor Andrew Bond</b> (from 1 July 2016)	\$51.81	-	-	\$1,780.03	-	\$1,831.84
<b>Councillor David Brand</b> (from 7 November 2016)	\$226.62	-	-	\$1,192.84	\$168.18	\$1,587.64
<b>Councillor Katherine Copsey</b> (from 7 November 2016)	\$1,140.95	-	-	\$1,137.87	\$4,907.72	\$7,186.54
<b>Councillor Louise Crawford</b> (from 7 November 2016)	\$51.81	-	-	\$1,133.48	\$4,253.92	\$5,439.21
<b>Councillor Dick Gross</b> (from 7 November 2016)	\$51.81	\$1,118.70	-	\$1,491.58	\$100.00	\$2,762.09
<b>Councillor Anita Horvath</b> (until 22 October 2016)	-	-	-	\$435.48	-	\$435.48
<b>Councillor Vanessa Huxley</b> (until 22 October 2016)	-	-	-	\$370.72	-	\$370.72
<b>Councillor Marcus Pearl</b> (from 7 November 2016)	\$104.49	-	-	\$1,142.78	\$18.18	\$1,265.45
<b>Councillor Ogy Simic</b> (from 7 November 2016)	\$677.14	-	-	\$1,227.02	\$186.36	\$2,090.52
<b>Councillor Amanda Stevens</b> (until 22 October 2016)	\$33.54	-	\$756.25	\$434.97	-	\$1,224.76
<b>Councillor Serge Thomann</b> (until 22 October 2016)	\$169.90	-	-	\$437.23	-	\$607.13
<b>Councillor Jane Touzeau</b> (until 22 October 2016)	\$37.28	-	-	\$451.55	\$601.82	\$1,090.65
<b>Councillor Bernadene Voss</b> (Mayor from 1 July 2016)	\$10,625.35*	-	\$11,006.60	\$1,972.21	\$827.27	\$24,431.43

\* Travel expenses include the provision of a motor vehicle for the Mayor, which is charged out at \$9,000 per annum pro rata to cover operating costs.



# Supporting Council's decision making

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

## Community Reference Committees

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

### Art Acquisition Reference Committee

#### Councillor Brand (Chair)

The Art Acquisition Reference Committee assists Council by providing advice and expertise in relation to Council's visual art acquisition program.

### Audit and Risk Committee

#### Mayor Councillor Voss and Councillor Gross

The Audit and Risk Committee advises Council on the effectiveness of the organisation's systems, processes and culture for managing risk, and compliance with its legal and financial obligations.

» More detail on the Audit and Risk Committee is provided on **page 59-60**

### Community Grants Assessment Panel

#### Councillor Crawford and Councillor Pearl

The Community Grants Assessment Panel Reference Committee provides advice and feedback to Council in relation to applications to the annual Community Grants Program.

### Cultural Development Fund Reference Committee

#### Councillor Copsey (Chair)

The Cultural Development Fund Reference Committee provides advice and recommendations to Council on applications for the Cultural Development Fund according to the published guidelines.

### Cultural Heritage Reference Committee

#### Mayor Councillor Voss (Chair)

The Cultural Heritage Reference Committee provides advice and feedback to Council on cultural heritage and local history.

### Esplanade Market Advisory Committee

#### Councillor Bond (Chair) and Councillor Brand

The Esplanade Market Advisory Committee provides advice to Council on the strategic direction of the Esplanade Market.

## Fishermans Bend Community Forum

### Mayor Councillor Voss, Councillor Brand and Councillor Simic (alternating chairs)

The Fishermans Bend Community Forum provides for dialogue between the community and Council in regard to projects, initiatives and planning applications in Fishermans Bend.

## Friends of Suai / Covalima Community Reference Committee

### Councillor Baxter

The Friends of Suai / Covalima Community Reference Committee promotes and assists with ongoing relationships between the Port Phillip and Suai / Covalima communities.

## Multicultural Forum

### Councillor Simic (Chair)

The Multicultural Forum facilitates discussion and advises Council about policies and plans supporting the multicultural community.

## Older Persons Consultative Committee

### Councillor Gross

The Older Persons Consultative Committee provides advice to Council about policies, plans, issues and services affecting older people.

## Rupert Bunny Foundation Visual Art Fellowship Reference Committee

### Councillor Brand (Chair)

The Rupert Bunny Foundation Visual Art Fellowship Reference Committee provides strategic advice and expertise to Council on awarding the Fellowship.

## Village Partnership Groups - Acland Street, Balaclava (Carlisle Street), Emerald Hill and South Melbourne, Fitzroy Street, Beacon Cove and Garden City

A different community member is Chair for each group. Village Partnership Groups bring people together to activate vibrant and enjoyable places in our villages. The groups meet regularly to work together with the community to implement their ideas.

59

Average indexed rating of community satisfaction with consultation and engagement

57

Average indexed rating of community satisfaction with Council decisions

## External committees

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

### Association of Bayside Municipalities

#### Councillor Baxter and Councillor Gross (Reserve)

The Association of Bayside Municipalities represents the interests of 10 councils with frontage to Port Phillip Bay, on various coastal and marine issues.

### Board of Bubup Womindjeka Family and Children's Centre

#### Mayor Councillor Voss

The Board of Bubup Womindjeka Family and Children's Centre oversees the provision of a range of services at the centre, such as long day care, sessional kindergarten, occasional care, maternal and child health services, consulting space for allied health professionals, and space for new parent groups, playgroups and other community group uses.

### Gasworks Arts Inc. Board of Management

#### Councillor Crawford

The Gasworks Arts Inc. Board of Management is elected annually to oversee management of the Gasworks Arts Park.

### Health and Wellbeing Alliance Committee

#### Councillor Copsey and Mayor Councillor Voss (Reserve)

The Health and Wellbeing Alliance Committee directs the implementation of Council's Health and Wellbeing Plan. It consists of representatives from local health and welfare organisations, police, the business community and Council.

### Inner South Metropolitan Mayors Forum

#### Mayor Councillor Voss

The Inner South Metropolitan Mayors Forum is the regional peak body for local government councils covering the Cities of Bayside, Boroondara, Glen Eira, Kingston, Melbourne, Port Phillip, Stonnington and Yarra.

### Linden Board of Management Inc.

#### Councillor Brand

The Linden Board of Management Inc. oversees the day-to-day management of Linden New Art Gallery.

### Metropolitan Transport Forum

#### Councillor Copsey and Councillor Brand

The Metropolitan Transport Forum is a local government interest group for transport in metropolitan Melbourne, with 17 constituent members, working towards effective, efficient and equitable transport in metropolitan Melbourne. The forum provides for debate, research and policy development, as well as sharing and disseminating information to improve transport choices.

### Metropolitan Waste and Resource Recovery Group

#### Councillor Gross

The Metropolitan Waste and Resource Recovery Group is a Victorian Government statutory body responsible for coordinating and facilitating municipal solid waste management across metropolitan Melbourne.

## Municipal Association of Victoria

### Councillor Gross and Councillor Baxter (Reserve)

The Municipal Association of Victoria (MAV) is a representative and lobbying body for Victorian councils. It advocates for the interests of local government, raises the sector's profile, and provides policy and strategic advice and insurance services.

## Port Phillip Multifaith Network Steering Committee

### Councillor Baxter

The Port Phillip Multifaith Network Steering Committee comprises representatives and leaders from a wide variety of religions and faith groups in the City of Port Phillip. The network meets on a bi-monthly basis and is concerned with discrimination, social inequity, disadvantage and poverty.

## Port Phillip Housing Association Ltd Board of Directors

### Councillor Simic

The Port Phillip Housing Association Ltd is an independent, not-for-profit community housing organisation that helps members of the local and wider community find suitable, affordable housing. It advocates on behalf of residents who require assistance to sustain their tenancies.

## St Kilda Tourism and Events

### Councillor Bond

As the local St Kilda tourism association, it enables St Kilda businesses to formally link into highly successful initiatives run by Destination Melbourne, Tourism Victoria and Tourism Australia.

## Victorian Local Governance Association

### Councillor Baxter and Mayor Councillor Voss (Reserve)

The Victorian Local Governance Association is the peak body for councillors, community leaders and local governments to build and strengthen their capacity to work together for progressive social change.



## Special committees

Under Section 86 of the **Local Government Act 1989**, Council can delegate particular decisions to formally established committees, called 'Special Committees'.

In 2016/17 there were four Special Committees:

### Statutory Planning Committee (2016 only)

#### All Councillors (Councillor Bond Chair)

Made decisions on planning applications by exercising all of Council's powers, duties and functions under the **Planning and Environment Act 1987**, in accordance with relevant policies and guidelines of the Council, and to do all things necessary or convenient to be done for, or in connection with, the performance of those powers, duties and functions.

The Statutory Planning Committee ceased on 9 December 2016 following the introduction of Planning Forums from February 2017.

### Council Neighbourhood Programs Committee

#### Mayor Councillor Voss (Chair) and Councillor Crawford

The Council Neighbourhood Programs Committee, subject to an annual Council budget allocation and in accordance with its Terms of Reference, has the discretion to make minor donations and grants to individuals, organisations or community groups.

### South Melbourne Market Management Committee

#### Mayor Councillor Voss, Councillor Simic and Councillor Bond

The purpose of the South Melbourne Market Management Committee is to oversee the market's performance and direction, ensuring its financial viability, its pre-eminent position as a community resource and its position as a dynamic retail competitor.

### Inner Melbourne Action Plan (IMAP) Committee

#### Mayor Councillor Voss

Oversees the implementation of regionally based actions identified in the Inner Melbourne Action Plan. It is the successful collaboration between the Cities of Port Phillip, Melbourne, Yarra, Maribyrnong and Stonnington and seeks to foster creativity, liveability, prosperity and sustainability across the inner Melbourne region.

# Working in partnership

**Council partners with other levels of government, community, not-for-profit and business organisations, service providers and residents to improve outcomes for our people and places.**

## Valuing the contribution of local volunteers

Council values the contribution of volunteers in our municipality. The latest census demonstrated that 20 per cent of Port Phillip residents volunteer in the community (approximately 18,000).

Council provides opportunities for approximately 250 people to volunteer and contribute to our library services, tree planting activities and programs such as Linking Neighbours.

Council also supports volunteers and volunteering organisations through our grants programs, network and community training events.

The Port Phillip Volunteer Coordinators Network meets quarterly, providing a platform for local volunteer leaders to come together for peer support, collaboration and resource sharing.

Our training calendar provides much needed free capacity building opportunities for local volunteers and community organisations.

The 2016/17 Community Grants funded the involvement of over 760 volunteers who contributed over 18,528 hours towards the health and wellbeing of the Port Phillip community.

## Inner Melbourne Action Plan Making Melbourne More Liveable



The Inner Melbourne Action Plan (IMAP) is a successful collaborative partnership between the Cities of Port Phillip, Melbourne, Stonnington, Yarra and Maribyrnong. The inner councils work together to strengthen the liveability, attraction and prosperity of the region.

A new ten year plan, Inner Melbourne Action Plan 2016-26, was adopted by the five IMAP Councils in 2016. The plan sets out five goals and 27 strategies to help achieve the vision for Inner Melbourne to 'continue to improve its internationally-renowned liveability whilst responding to the challenges of rapid growth'.

Some of the key achievements of IMAP during 2016/17 include:

- development of a three year Implementation Plan based on the new IMAP 2016-26, with priorities including the inner Melbourne cycling network, innovative planning for waste, and developing a regional 'urban forest' approach
- creation of a Wayfinding Signage Master Style Guide, with potential for adoption Victoria-wide
- collaboration with Cultural Tourism Victoria to publish Experience Culture Victoria with 70 new inner Melbourne listings, and production of an updated IMAP regional visitor map
- a Regional Active Sport and Recreation Facilities Planning Study
- partnering with University of Melbourne to undertake research and develop policy to protect and grow the emerging economic role of small scale urban manufacturers or 'makers'.





Port Phillip Councillors inspecting demolition site for the new park in Montague.

» read more on page 78

photo: Chris Cassar



# Community engagement

**Engaging with people about what is important to them now and in the future is a core role of Council. This year we held significant conversations about our City and how we can respond to a future with more residents, higher density housing, impacts from a changing climate, and new ways of working and living in a modern world.**

**Our community's input is critical to embracing and managing change to make our City an even better place for people. In 2016/17 we engaged our community on over 30 initiatives, including:**

## Council Plan 2017-27

In early 2017, Council invited people (residents, workers, community groups, business owners and visitors) to let us know what they value most about our City, and what issues they think Council should address in the new Council Plan 2017-27. Our community provided feedback and ideas through surveys, pop-up conversations with Councillors, targeted focus groups, via online discussion forums and special focus workshops.

More than 2,000 pieces of feedback and 125 submissions informed the draft Council Plan, which is double what we have ever previously received.

## Ferrars Street Education and Community Precinct and Fishermans Bend Urban Renewal Area

We sought community feedback on the Ferrars Street Education and Community Precinct streetscape design in February and March. We provided detailed information to local residents and businesses in the precinct, and to the Fishermans Bend Community Forum, to show what was proposed and how it might affect them. Following this community engagement, Council endorsed the delivery of streetscape works in April.

## JL Murphy Reserve play space and sports pavilion

Community engagement on the JL Murphy Reserve pavilion design continued, with Council regularly consulting the tenant sporting clubs. We finalised the draft concept design in June.

## St Kilda motorcycle parking restrictions

In February, Council commenced a trial of motorcycle parking restrictions on the footpath outside the main entrance to Luna Park, outside the Vineyard and in Shakespeare Grove in St Kilda. From December to March, as part of the trial's evaluation, we asked for feedback on whether Council should make these restrictions permanent. Members of motorcycle groups, local businesses and the broader community were invited to respond and pedestrians were surveyed in Acland and Fitzroy streets.

After reviewing all responses and listening to alternative community suggestions, in May Council resolved to maintain motorcycle parking restrictions on the footpath from outside the main entrance to Luna Park and outside the Vineyard, and remove the trial motorcycle parking restrictions from the car park entrance opposite Chaucer Street to the end of Shakespeare Grove.



## Acland Street upgrade

This year saw the completion of many exciting projects across our City, all of which were shaped by significant community input. We delivered the Acland Street streetscape and tram terminus upgrade in partnership with Public Transport Victoria and Yarra Trams. The 'Acland Street Spring Fling' community day in November celebrated the finish of the works and the street's transformation into a more accessible and appealing place.

## St Kilda Life Saving Club

We celebrated the completion of St Kilda Life Saving Club redevelopment in February with a community open day at the new facility, which featured lifesaving demonstrations and fun, free family entertainment.

## Gasworks Theatre building upgrade

We were thrilled to complete the upgrade of Gasworks Theatre in June and commence planning for the official launch celebration, in collaboration with Gasworks Arts Inc.

## Innovating and improving

Innovation is important, and this year we made use of new tools and emerging practices, such as use of avatar computer-generated personas for the Council Plan engagement and a deliberative approach to engaging with community on some of our biggest dilemmas.

We continuously strive for high quality and effective community engagement. We are updating our Communications and Engagement toolkit for staff, with a checklist to ensure our communication materials are accessible to all, and new ideas to engage with our harder to reach community members on matters that are important to them.

Our diverse community has a rich pool of knowledge, insights and expertise. By working together we can better respond to future challenges, enhance the liveability of our City, and improve the health of our community.

### Other initiatives we sought community input on:

- Sustainable City Community Action Plan
- Affordable Housing Strategy
- Events Strategy
- Commercial recreation activities along the foreshore
- Greyhound Hotel heritage assessment
- Elwood play space
- Peanut Farm Reserve sport pavilion
- Port Melbourne Waterfront design guidelines
- RF Julier Reserve Playground
- South Melbourne Life Saving Club
- New outdoor fitness stations
- Safer speed limits for local streets

# Accountability

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

## Audit and Risk Committee

As part of Council's governance obligations to its community, Council seeks probity advice from its Audit and Risk Committee. This is an independent committee whose primary purpose is to advise Council on the effectiveness of our systems, processes and culture for managing risk and compliance with our legal and financial obligations. The specific objectives of the Audit and Risk Committee are outlined in the Committee's Charter, which is reviewed annually.

The Audit and Risk Committee comprises three external members, the Mayor and one other Councillor, with the role of the Chair being held by an external member. External members are appointed for a three-year term, renewable for a maximum of one additional term. Retiring members are eligible to reapply for membership. Councillors are appointed to the committee on an annual basis.

The Audit and Risk Committee met on five occasions in 2016/17. Councillors, members and Council officers are required to declare any conflict of interest at the commencement of every meeting. Minutes of Audit and Risk Committee meetings are distributed to all Councillors, while reports on activities are formally presented to Council and made publicly available following each meeting of the Audit and Risk Committee.

## Some of the key activities considered by the Committee in 2016/17 included:

- the Financial Reporting Framework and recommending the annual accounts and the performance statement for adoption by Council in principle
- key Council policies including Codes of Conduct
- effectiveness of internal controls in the business technology environment, fraud and corruption and the management of risks encountered by Council
- Business Continuity Framework.

## The following internal audit reports were presented to the Committee:

- Risk Management Framework Review
- Depot Operations
- Festivals and Events
- Property and Lease Management
- IT Vulnerability Assessment Review
- South Melbourne Market
- Capital Works Management
- Corporate Governance

## The Committee also received reports, verbal updates and discussed the following matters:

- Council's performance including monthly CEO reports
- Draft Council Plan 2017-27
- Protected disclosure procedures
- Annual Vendor Procurement Compliance reports
- Annual Project Portfolio Risk updates
- Management of Occupational Health and Safety
- Customer Service Transformation updates
- Fixed Asset Accounting Policy
- Council Policies Bookcase

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

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

» More information is available on our Advisory Committees webpage

## Audit and Risk Committee membership

### External representatives

Independent members are remunerated in accordance with Council policy.

#### **Ms Helen Lanyon**

Member (12 December 2011 - current)

Chair (25 February 2014 - current)

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

#### **Ms Kerryn O'Brien**

Member (10 December 2013 - current)

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

#### **Mr Brian Densem**

Member (13 December 2010 - current)

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

Mr Densem was appointed through a competitive process to a further three-year term in April 2016.

### Internal representatives

#### **Mayor Councillor Bernadene Voss**

(November 2014 - current)

#### **Councillor Dick Gross**

(November 2016 - current)

# Risk management

## Capability and commitment

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

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

Council manages risk through our Risk Management Policy and Risk Management Framework, and by building a culture of risk accountability across our workforce. All Council department business plans incorporate operational risk profiles which identify priority risks and controls. The budget process also reflects priority risk reduction activities where financial commitment is required.

While risk management is a continuous process, a full operational risk review is conducted prior to commencing the annual business planning process.

## Structure and improvement

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

The Risk Management Policy and Framework were reviewed in early 2017, with subsequent enhancements endorsed by Council's Executive Leadership Team, the Audit and Risk Committee and Council in June 2017.

Recommendations from the 2016 Risk Management Internal Audit were also closed out in 2016/17, strengthening risk management reporting and awareness. The only exception was procuring an electronic risk and compliance management solution, however, a budget allocation has been approved for the procurement of this in the 2017/18 financial year. The new system will capture all risks, incidents and compliance findings, which will aid in timely aggregation and analysis and efficient reporting processes.

## Risk registers, treatments and reporting

Council's risk registers cover both strategic and operational risks, and are reviewed in their entirety at least annually.

Strategic risks, controls and improvement actions are detailed in the Strategic Risk Register which is considered by the Council at the commencement of the annual planning process.

An overview of all risk registers is reviewed by the Audit and Risk Committee as part of development of the annual Internal Audit and Compliance Plan.

The Executive Leadership Team reviews the Strategic Risk Register on a quarterly basis and has visibility of all high and extreme rated operational risks and treatment actions on a monthly basis. Treatment plans are formulated for any high or extreme level risks, to lower the level of risk to a more acceptable medium or low risk target.



## Business continuity planning

Council adopted its current Business Continuity Plan (BCP) and associated Sub Plans in 2014, which have been refined and updated on an ongoing basis. As per the three year review cycle, a full review of the BCP commenced in April to ensure they remain fit for purpose.

A BCP specialist consultant was engaged to update and test the plans, and provide and develop a practical training program to build a strong business continuity culture, improving the organisation's level of resilience. Testing is planned for first half of the 2017/18 financial year.

We continue to test our Business Technology Disaster Recovery Plan on a regular basis, to ensure we can recover data, restore business critical applications and continue operations following service interruptions. The last successful test was conducted in March 2017.

## Reporting on our performance

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

This includes:

- Council Plan delivery progress
  - financial performance
  - service delivery performance
  - legislative updates
  - priority project delivery progress
  - quarterly insurance and safety performance.
- » More information on Performance Reporting is available on our website

# 4 Our performance

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# Delivering the final year of the Council Plan 2013-17

## The Council Plan 2013-17 set out a vision for an engaged, healthy, resilient and vibrant City.

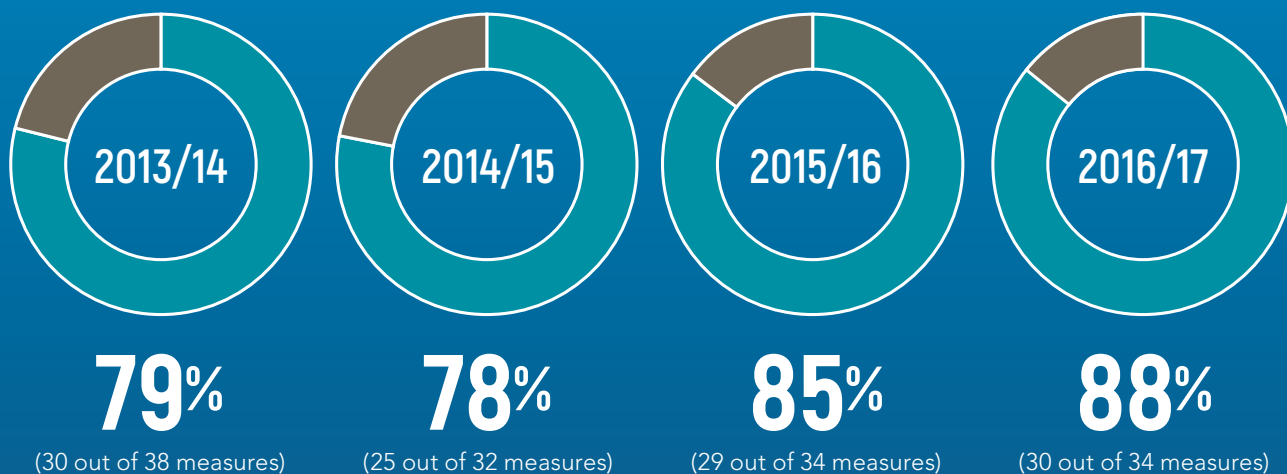
Each of these four themes committed Council to achieving a range of measures and targets and progressing a number of four-year actions. Further detail on Council's planned activities and performance for 2016/17 was outlined in the Budget 2016/17.

The following outlines Council's performance under each Council Plan 2013-17 theme, telling the story of our:

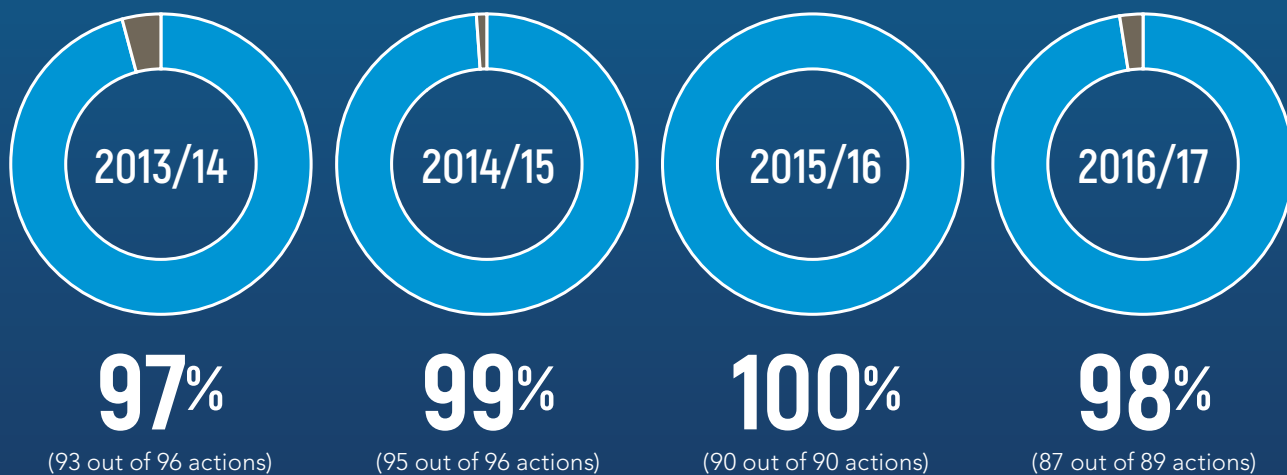
- key achievements and challenges
- focus for the next year
- results for the measures of success in the Council Plan
- progress to deliver major initiatives
- services delivered, what they cost and statistics
- results for local government performance reporting measures.

The impact of our performance on the community is primarily measured through two satisfaction surveys: the City of Port Phillip Community Satisfaction Survey, which is undertaken every six months, and the annual Local Government Victoria Community Satisfaction Survey. Performance measures are also collected by internal departments through the use of applications and systems..

### Council Plan measures achieved



### Council Plan actions on track





# Engaged - a well governed City

## Our strategic objectives

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



**Council hosted a series of conversation tents at local markets so that people could help shape the Council Plan 2017-27.**

» read more on pages 57-58, 68 and 141





## Performance highlights

### Innovative community engagement

#### Greater community input into the Council Plan

Development of the integrated Council Plan 2017-27 commenced in November. Extensive community engagement included special focus workshops, pop-up conversations, targeted focus groups, community surveys, online discussion forums, a findings forum, an Avatar tool and social media. The integrated Council Plan sets a ten-year direction for the City, with a four year focus on specific actions Council will prioritise to work towards achieving this direction.

### Local election

#### Election and new ward structure

Voting for the 2016 local election closed on 22 October with nine Councillors representing three wards elected. The 2016 election reflected a change to the Port Phillip electoral structure, which was recommended by the

Victorian Electoral Commission and approved by the Minister for Local Government. Ensuring the elected Councillors were supported was a critical priority for the organisation and we prepared a comprehensive program to help them transition into their roles.

### Exceeding community satisfaction targets

#### High ratings for Council's integrity, lobbying and overall performance

Indicators of satisfaction in the areas of Council's integrity, lobbying and overall performance were above target and industry benchmarks.

### Transparent decision making

#### Live streaming Council meetings

In a boost to transparency and community engagement, Council meetings were live streamed from 17 May 2017. Live streaming on Council's website provides

greater and more convenient access by allowing the public to watch the meeting in real time or access archived videos.

### Better services for our community

#### Making it easier to use Council services

We have made a number of our services better for our community including:

- making a new online map available on smartphones so residents can more easily find Council services and information based on their location
- going digital with our rates notices, childcare invoices and planning applications enabling the community to access these services online
- halving the time to make a decision on the health of trees in our municipality from an average of four weeks to two weeks.

» Read more in the **Best Value Report, in Chapter 7.**








## » Looking forward

The Council Plan 2017-27 sets out a clear commitment to be an organisation that puts the community first and is financially sustainable, high performing and well-governed.

The Council Plan commits Council to investing in technology and innovation to deliver better outcomes in the municipality.

Council will continue seeking input and expertise from our diverse communities through improved and deeper community engagement and catalysing local action.

## Measures of success

Measure	Result			
	2013/14	2014/15	2015/16	2016/17
<p><b>Consultation and engagement</b></p> <p>Community satisfaction with Council's consultation and engagement in decision making on key local issues is consistent with industry benchmarks</p> <p>(Target: At least an index score of 57)</p>	62	61	62	59 
<p><b>Integrity</b></p> <p>Community satisfaction respondents agree Council is trustworthy, reliable and responsible</p> <p>(Target: At least 80% respondents give rating of average, good or very good)</p>	92%	94%	91%	93% 
<p><b>Council decisions</b></p> <p>Percentage of Council decisions made in public is consistent with industry benchmarks</p> <p>(Target: 91% of all Council decisions made in public)</p>	Not available	98%	93%	93% 
<p><b>Neighbourhood connection</b></p> <p>Community satisfaction survey respondents agree they feel proud of, connected to and enjoy their neighbourhood</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	97%	97%	96%	97% 
<p><b>Advocacy</b></p> <p>Community rating of Council's performance in lobbying on behalf of the community consistent with industry benchmarks</p> <p>(Target: At least an index score of 56)</p>	59	59	56	57 
<p><b>Overall performance</b></p> <p>Community satisfaction with the overall performance of council is consistent with industry benchmarks</p> <p>(Target: At least an index score of 64)</p>	67	68	64	67 
<p><b>Property assessment expenditure</b></p> <p>Total council expenditure per property assessment is consistent with industry benchmarks</p> <p>(Target: Less than \$2,950 expenditure per property assessment)</p>	NA	\$2,591.55	\$2,619.67	\$2,798.66 



## Services we delivered and what they cost

Service	Actual	Budget	Variance
<b>Customer service and engagement</b> Inform our community about the services available to them, provide customer support for community queries and requests, facilitate inclusive engagement with our community to support decision making and produce Divercity magazine.	\$4,916,151	\$4,933,000	\$16,849
<b>Governance</b> Enable good governance by supporting Councillors to make well-informed decisions, managing freedom of information, maintaining records, and ensuring robust planning, reporting and risk management.	\$10,100,582	\$9,420,000	(\$680,582)
<b>Organisational support</b> This service guides and enables the organisation to deliver better value to our growing community. We do this by supporting a high performing, safe and healthy workforce, supporting the organisation to be efficient and effective, and maintaining healthy financial sustainability in an environment of growth.	\$3,865,605	\$4,909,000	\$1,043,395

### Material variation explanations
















**Organisational support:** Delays in several building compliance and renewal projects as well as lower fleet replacement resulted in an underspend to budget.

## Service performance

Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Governance</b>				
<b>Transparency</b> Council decisions made at meetings closed to the public  [Number of Council resolutions made at Ordinary or Special meetings of Council or at meetings of a Special Committee consisting only of Councillors closed to the public / Number of Council resolutions] x 100	1.76%	7.31%	<b>7.43%</b>	Council is committed to transparent and open decision making. In 2016/17, 15 out of 202 Council decisions were made at meetings closed to the public which is consistent with the previous year and below the annual target of less than 12 per cent.
<b>Consultation and engagement</b> Community satisfaction with community consultation and engagement  [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	61.00	62.00	<b>59.00</b>	There was a small decrease in community satisfaction with our consultation and engagement processes however it remains above the state and Melbourne metropolitan averages. Council strongly values community input and will continue to look at ways we can improve levels of satisfaction in this area.
<b>Attendance</b> Councillor attendance at Council meetings  [The sum of the number of councillors who attended each Ordinary and Special Council meeting / (number of Ordinary and Special Council meetings) x (number of councillors elected at the last Council election)] x 100	92.21%	91.93%	<b>96.08%</b>	Councillors attended a very high proportion of the 23 Ordinary and Special Council meetings held in 2016/17.
<b>Service cost</b> Cost of governance per Councillor  [Direct cost of the governance service / number of councillors elected at the last Council general election]	\$55,333.43	\$59,459.75	<b>\$48,688.68</b>	The cost of governance has reduced due to the increase in Councillors from seven to nine.
<b>Satisfaction</b> Community satisfaction with Council decisions  [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	60.00	59.00	<b>57.00</b>	Satisfaction with Council decisions made in the interest of the community has decreased this year and is below the target of 59. It remains on par with the Melbourne metropolitan average of 58 which also experienced a drop this year. We will continue to provide consultation opportunities to ensure Council decisions are informed by our community's views.

## Service statistics

The following statistics highlight some of the services we provided during 2016/17 compared to previous years.

Service / statistic	Result		
	2014/15	2015/16	2016/17
<b>Communications and engagement</b>			
Number of projects that we engaged the community on	30	30	30 
Number of pieces of feedback on the Council Plan and Budget	400	1,000	2,000 
Number of twitter followers	-	5,450	6,979 
<b>ASSIST customer service</b>			
Number of customer interactions	206,802	206,465	203,579 
Face to face interactions at Council service centres	43,967	40,217	37,622 
Phone calls answered by ASSIST	111,561	112,913	107,163 
Administration tasks handled by ASSIST	55,696	53,335	58,794 
Percentage of ASSIST phone calls answered within 30 seconds	76.33	77.65	83.34 
<b>Culture and capability</b>			
Staff alignment score	52%	59%	57% 
Staff engagement score	71%	74%	73% 
Total recordable injury frequency rate (injuries per million work hours)	22.22	19.43	15.73 
<b>Service and business improvement</b>			
Lean Practitioners	20	40	54 
Staff time saved	1,242 hours	2,059 hours	4,430 hours 
Community wait days saved	3,685 days	19,054 days	72,258 days 
<b>Governance</b>			
Legislative breaches	4	9	4 

### Explanation of significant variations

**Communications and engagement** - Innovations in the way we engaged with local residents on the Council Plan and Budget substantially increased the level of participation this year.

**ASSIST customer service** - The proportion of calls answered by ASSIST within 30 seconds substantially increased this year and is above the target of 80 per cent. Administration tasks have seen a large increase due to the use of online enquiries, which has also contributed to the drop in phone calls received by ASSIST.

# Healthy - a healthy, creative and inclusive City

## Our strategic objectives

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



The redevelopment of the St Kilda Life Saving Club has ensured the future of this vital service.

» read more on page 79

photo Chris Cassar



# Performance highlights

## Growing affordable housing

### In Our Backyard implementation

Council adopted the In Our Backyard - Growing Affordable Housing in Port Phillip 2015-2025 in April 2016.

Key achievements this year included progressing the establishment of a community and private housing development on the Marlborough Street car park site and developing a 'vacancy chain' of affordable housing options that can provide temporary accommodation for those in need.

Following the sale of the Gatwick Hotel, Council officers, housing associations and the Victorian Government also worked together to rehouse all the residents in May.

## Improved community assets and infrastructure

### New plaza for Acland Street

We celebrated the delivery of the new look Acland Street with the Spring Fling community day on 12 November. The works feature more pedestrian space and a new plaza. We also commenced a program of events to activate the area.

### New St Kilda Life Saving Club

On 11 February the new St Kilda Life Saving Club officially opened with a community open day. We worked with the club to ensure essential lifesaving services were provided to our community and visitors for the busy Christmas and New Year period.

### Gasworks Arts Park Theatre reopens

Upgrade works to the Gasworks Arts Park Theatre were completed in June. The makeover addressed maintenance and access issues with new universal access paths and ramps, improved public toilets, sound locks allowing multiple events at the same time and segregated dressing rooms.

## Supporting the health and wellbeing of our diverse communities

### Making an impact in our community

Council uses funding deeds, policies and direct service delivery to facilitate social inclusion in our community. Examples of the impact our funding deeds have delivered include:

- The Port Phillip Community Group supported 31 Neighbourhood Ngargees (gatherings) held in local streets across Port Phillip and made 208 visits to Rooming Houses promoting resident social inclusion, food security and self-advocacy
- The Port Phillip EcoCentre engaged residents in designing, building and maintaining communal gardens, worm farms and composts at six social housing residences.

### Reconciliation Action Plan renewed

Council endorsed its second Reconciliation Action Plan 2017-19 which will facilitate local conversations about the Treaty and Recognition processes, endorse a policy to increase the recruitment, retention and professional development of Aboriginal and Torres Strait Islander peoples, and establish a process for cultural heritage management in Fishermans Bend.

## Port Phillip is a great place to live

### Residents rate living in the area highly

Survey results continue to show that local residents rate living in the area highly. Annual targets were exceeded for resident perceptions of Port Phillip as a welcoming place, with a culture of creative activity where people can participate in local community events.



## Challenges

### Temporary closure of adventure playgrounds

When contaminants were identified in our two adventure playgrounds in December, we temporarily closed them to ensure the safety of attendees and undertake further testing and remediation works. Regular attendees were supported with a program of alternative activities.

### Changes to aged and disability sector

In response to ongoing Commonwealth Government reforms in the aged and disability sector, Council made some minor structural changes to our service delivery model and can no longer report on home and community care measures. These changes will continue to have an impact on Council's operations into our immediate future.

### Change in the way people use our library services

While the proportion of the municipal population actively borrowing library resources is below our annual target of 20 per cent we continue to experience an increase in visitors with almost 700,000 attending our five libraries. This reflects an ongoing trend toward people using our libraries as community spaces.










## » Looking forward

The Council Plan 2017-27 sets out a bold plan to maintain a city where people belong and our many cultures and differences are welcomed in the context of growth.

Over the next ten years, Council wants to see a safe and active community with strong social connections and access to services that support health and wellbeing. Council is committed to increasing affordable housing and creating a city that is welcoming for all.

A key focus for the next year will be delivering community facilities at the Ferrars Street Education and Community Precinct, continued implementation of the In Your Backyard strategy and upgrades to recreational facilities.

## Measures of success

Measure	Result			
	2013/14	2014/15	2015/16	2016/17
<p><b>Welcoming and supportive community</b></p> <p>Community satisfaction survey respondents believe that Port Phillip is a welcoming and supportive community for everyone</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	93%	96%	93%	94% 
<p><b>Safety and security</b></p> <p>Community satisfaction survey respondents feel a sense of safety and security in Port Phillip</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	84%	86%	85%	85% 
<p><b>Local Health and Wellbeing Index</b></p> <p>Summary of statistical information about social, health and economic outcomes for the Port Phillip community</p> <p>(Target: An index result above 100)</p>	Data not available	111	111	103 
<p><b>Recreation facilities</b></p> <p>Community rating of Council's recreation facility performance is consistent with industry benchmarks</p> <p>(Target: At least an index score of 73)</p>	77	NA	76	73 
<p><b>Families, youth and children services</b></p> <p>Community satisfaction survey respondents are satisfied with the performance of Council around services that support families, youth and children</p> <p>(Target: At least an index score of 68)</p>	71	69	69	69 
<p><b>Family, youth and children's services accreditation</b></p> <p>All assessed state-regulated family, youth and children's services meet or exceed accreditation standard</p> <p>(Target: 100% of all Council-operated and state-regulated services are accredited)</p>	100%	100%	100%	100% 
<p><b>Affordable local community events and activities</b></p> <p>Community satisfaction survey respondents feel they have opportunities to participate in affordable local community events and activities of their choosing</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	92%	94%	92%	95% 
<p><b>Creativity, learning and physical activity</b></p> <p>Community satisfaction survey respondents agree Port Phillip has a culture of creativity, learning and physical activity</p> <p>(Target: At least 80% respondents are neutral, agree or strongly disagree)</p>	94%	92%	95%	94% 
<p><b>Libraries</b></p> <p>Maintained or improved community satisfaction with the service performance of libraries</p> <p>(Target: At least 90% respondents give rating of average, good or very good)</p>	96%	98%	97%	99% 



## Major initiatives

### Gasworks Arts Park remediation

**Actual: \$0**      **Budget: \$50,000**

The Victorian Government are developing a plan to manage the contaminated soil at Gasworks Arts Park. The Victorian Government have engaged an auditor and commenced further soil and ground water testing which will inform the creation of a contamination action management plan. Once the plan has been drafted Council will engage with the community. Council continues to manage the park in accordance with the interim management plan.

### JL Murphy Reserve Pavilion upgrade

**Actual: \$46,837**      **Budget: \$90,000**

The City of Port Phillip is working with the Victorian Government to upgrade the JL Murphy Reserve sports pavilion to increase sport participation by providing accessible change rooms for all genders and abilities. The Victorian Government has allocated \$1,238,000 in funding, and Council will contribute \$2,182,000, which includes project management costs.

Council has continued to develop a concept design option that includes many of the suggestions from the clubs to improve their user experience and significantly increase the capacity and versatility of the facility. The current concept design meets the parameters agreed by the community in the 2016 engagement period. Further engagement on this project will occur in 2017/18.

### Ferrars Street Education and Community Precinct

**Actual: \$4,716,923**      **Budget: \$5,644,000**

The City of Port Phillip is partnering with the Victorian Government to deliver co-located community facilities within Victoria's first vertical government school in the Montague Precinct. Community facilities within South Melbourne Ferrars Street Primary School (interim name) include a long day care kindergarten, multipurpose rooms, consulting rooms for community services and maternal child health, multipurpose rooms and sports courts. Council will also deliver streetscape works and the new Montague Community Park (interim name) across the road from the school to set a safe and family-friendly tone for the evolving precinct.

Construction of the school building progressed well, led by the Victorian School Building Authority. Council and the Victorian Government partnered to future-proof the underground gas pipeline outside the school and park site in preparation for future works.

Following Council's endorsement of the streetscape and Montague Community Park concept designs in April, officers worked with the Fishermans Bend Taskforce to finalise funding arrangements and plan for construction. Demolition of the building on the park site at 2-4 Buckhurst Street commenced in June, in readiness for remediation and construction of Montague Community Park, the first stage of which will open during the 2018 school year. Better transport links to the precinct will be delivered in 2017/18, with VicRoads due to complete an upgrade of the Ferrars Street and City Road intersection and Public Transport Victoria upgrading the Route 96 tram stop adjacent to the school.

Community engagement has been a key focus with Council officers participating in community information sessions about South Melbourne Ferrars Street Primary School to share information about the community facilities in the building. The centralised childcare waiting list was opened to families seeking a place for their child at the new Ferrars Street long day care kindergarten in 2018.

## Peanut Farm Reserve Pavilion upgrade

**Actual: \$84,551      Budget: \$110,000**

The Peanut Farm Reserve Sports Pavilion upgrade, jointly funded with the Victorian Government, is a multi-year project to undertake feasibility, planning, design and delivery of an upgrade to the existing sports pavilion at Peanut Farm Reserve in St Kilda. The Victorian Government has allocated \$1 million in funding to increase women's participation in sport at Peanut Farm. A concept design was endorsed by Council in 2016/17. The design includes amendments from community feedback and the upgrade to the netball courts to competition standards, a fixed barbecue covered walkways between the community room and public toilets and data connections in the community room for audio visual facilities.

## South Melbourne Life Saving Club

**Actual: \$215,715      Budget: \$431,000**

The South Melbourne Life Saving Club redevelopment is a multi-year project jointly funded by the City of Port Phillip and Victorian Government. It includes design of a new clubroom that meets Life Saving Victoria's Clubhouse of the Future guidelines, new public toilets and a new kiosk. This year, the project team progressed detailed design in line with Council direction and continued its engagement with the South Melbourne Life Saving Club and Life Saving Victoria to ensure the design is fit for purpose.

The Department of Environment, Land, Water and Planning granted consent for use and development on coastal Crown land for the redevelopment which was a key milestone for the project. We distributed a community update in May to provide the final design in accordance with the coastal consent and provide timelines for the construction. Construction documentation was finalised and the building permit application submitted in May.

An expression of interest process to procure a builder commenced in June. Officers continue to work with the club and Life Saving Victoria to resolve the way lifesaving services will be delivered during the construction phase.

## St Kilda Life Saving Club

**Actual: \$2,850,819      Budget: \$1,650,000**

The new St Kilda Life Saving Club, jointly funded with the Victorian Government, has delivered a fit-for purpose lifesaving club that meets Life Saving Victoria's Club House of the Guidelines, including public amenities, such as a Changing Places facility for people with disabilities. Due to inclement weather, there were some delays however Council worked closely with the St Kilda Life Saving Club to make sure beach patrols were not impacted. Construction was completed in December allowing the club to operate its vital beach and lifesaving services from the new building over the busy Christmas and New Year period.

The facility officially opened on 11 February with a community celebration attended by Martin Foley, Minister for Housing, Disability and Ageing; Nigel Taylor, CEO Life Saving Victoria; Andrew Foran, GM Life Saving Club Development, Life Saving Victoria; Jeanette Lambert, St Kilda Life Saving Club president; Eddie Chapman, CEO Association for Children with Disability; Frank and Sharon Van Haandel, Stokehouse; Jack Mulholland, Changing Places Australia Founder and City of Port Phillip Councillors.

## Services we delivered and what they cost

Service	Actual	Budget	Variance
<b>Ageing and accessibility</b> Facilitate independence for older people and those living with a disability by providing in-home support services, social inclusion programs, accessible arts and sports programs and consultation with Council's Older Persons Consultative Committee	\$10,615,672	\$11,398,000	\$782,328
<b>Children</b> Fund and directly provide early childhood education and care, and maternal and child health services	\$21,258,675	\$21,503,000	\$244,325
<b>Families and young people</b> Support families and young people through programs, facilities and case management services for vulnerable families	\$4,525,265	\$5,807,000	\$1,281,735
<b>Affordable housing and homelessness</b> Support people at risk of, or experiencing, homelessness, and support an adequate supply of affordable housing	\$672,217	\$1,316,000	\$643,783
<b>Community programs and facilities</b> Support inclusion for all people in our diverse community regardless of age, ethnicity, gender identity, sexuality, faith or socio economic status by working with community organisations and through planning, programs, grants and facilities	\$8,030,516	\$9,322,000	\$1,291,484
<b>Libraries</b> Provide branch and in-home library services including technology, literacy and lifelong learning programs	\$6,681,460	\$6,449,000	(\$232,460)
<b>Recreation</b> Support our community to remain active and healthy through programs and support for local sports clubs and sports facilities	\$5,911,766	\$4,811,000	(\$1,100,766)
<b>Amenity</b> Manage rubbish collection and cleaning of public toilets, barbecues, roads, footpaths and medians	\$14,354,919	\$14,021,000	(\$333,919)
<b>Health services</b> Monitor public swimming pools, registered food premises, accommodation properties, registered hairdressers, tattooists and beauty parlours, and provide an immunisation program and syringe disposal service	\$2,007,071	\$1,958,000	(\$49,071)
<b>Local laws and animal management</b> Ensure community safety by enforcing local laws, responding to nuisance and illegal activity complaints, and encouraging responsible pet ownership through education and registration	\$2,262,774	\$2,377,000	\$114,226
<b>Municipal emergency management</b> Ensure our community is safe in the event of, and supported to recover from, an emergency	\$2,085,415	\$2,123,000	\$37,585

### Material variation explanations

**Families and young people:** Lower expenditure than budgeted due to the fact that the Childcare Infrastructure Levy was not utilised in 2016/17 and has been quarantined in reserves for future childcare facility structural works.

**Community programs and facilities:** Lower than budgeted expenditure mainly due to delays with the Ferrars Street Education and Community Precinct works. The funds have been carried over to 2017/18.

**Recreation:** Higher than budgeted expenditure due to the 2015/16 funded upgrade works for St Kilda Life Saving Club being completed in 2016/17.

## Service performance

Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Maternal and child health (MCH)</b>				
<b>Satisfaction</b>	104.38%	103.89%	<b>103.25%</b>	The greater than 100 per cent result was due to more visits than birth notifications because around 40 babies were born late last financial year and received a visit this financial year. In 2016/17, 1,302 parents participated in first MCH home visits and the majority of our first visits occurred within month of birth.
Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x 100				
<b>Service standard</b>	99.84%	99.78%	<b>100.00%</b>	Council received 1,261 birth notifications and enrolled all infants in our MCH service at the first home visit in 2016/17.
Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100				
<b>Service cost</b>	-	\$73.37	<b>\$71.80</b>	A small increase in the hours of service provided by our MCH nurses has slightly reduced the unit cost this year.
Cost of the MCH service per hour [Cost of the MCH service / Hours worked by MCH nurses]				
<b>Participation in the MCH service</b>	83.55%	84.22%	<b>82.89%</b>	Our participation rate in key ages and stages visits has exceeded our annual target of 70 per cent. Families can participate through our MCH centres every weekday as well as two Saturday mornings per month. We also provide an outreach service in homes, childcare centres and kindergartens.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100				
<b>Participation in MCH service by Aboriginal children</b>	69.05%	87.23%	<b>84.48%</b>	Participation of Aboriginal children slightly decreased compared to the previous year however we experienced an increase in the number of Aboriginal children who received a MCH service (up four from previous year). This result meets our annual target of 60 per cent.
[Number of ATSI children who attend the MCH service at least once (in the year) / Number of ATSI children enrolled in the MCH service] x 100				



Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Libraries</b>				
<b>Utilisation</b> Number of times a library resource is borrowed [Number of library collection item loans / Number of library collection items]	4.80	4.81	<b>4.47</b>	Community members access printed material and digital material at our five library branches and via our home library service. During the year we made almost one million loans, however library collection usage has decreased compared to last year. This can be attributed to an increase in library collection items.
<b>Resource standard</b> Proportion of library resources less than 5 years old [Number of library collection items purchased in the last five years / Number of library collection items] x 100	45.78%	46.65%	<b>50.73%</b>	We have increased the number of items available by about 15,000 to over 223,000 at our five library branches and via our home library service.
<b>Service cost</b> Cost of library service per visit [Direct cost of library service / Number of visits]	\$5.76	\$6.13	<b>\$6.17</b>	Increased visits to the library have maintained our unit cost at a consistent level.
<b>Participation</b> Active library members in municipality (Percentage of the municipal population who are active library users) [Number of active library members / Municipal population] x 100	20.14%	19.40%	<b>19.21%</b>	While the proportion of the municipal population actively borrowing library items has not changed and is below our annual target of 20 per cent, we have experienced a three per cent increase in visitors to our libraries with 687,565 people attending the libraries.

























Service / indicator / measure			Result	Comment
	2014/15	2015/16	2016/17	
<b>Animal management</b>				
<b>Timeliness</b>	1.00 day	1.00 day	<b>1.00 day</b>	Council responded quickly to animal management requests. All had a first response within one day which is below the annual target of less than ten.
Time taken to action animal management request  [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]				
<b>Service standard</b>	55.02%	58.72%	<b>47.67%</b>	This result shows the proportion of registered animals collected by their owners. If we include animals that were rehomed our reclaimed rate increases to 69 per cent. Compared with the previous year, Council collected a lower number of animals, however there was an increase in the number of feral animals (55) collected.
Animals reclaimed from Council  [Number of animals reclaimed / Number of animals collected] x 100				
<b>Service cost</b>	\$72.65	\$75.07	<b>\$61.36</b>	Compared with the previous year, the service cost has decreased due to operational efficiencies and an increase in the number of registered animals. The results for 2014/15 have been restated.  The City of Port Phillip provides an extra 24 hour on-call service, which is not offered by all councils. We also manage additional animals on beaches belonging to visitors. Currently we do not have the appropriate space to manage an onsite pound and therefore contract this service out to the Lost Dogs' Home.
Cost of animal management service per registered animal  [Direct cost of the animal management service / Number of registered animals]				
<b>Health and safety</b>	4.00	5.00	<b>2.00</b>	Successful animal management prosecutions have decreased compared with the previous two years, indicating an improvement in the effectiveness of our animal management service.
Animal management prosecutions  [Number of successful animal management prosecutions]				

Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Food safety</b>				
<b>Timeliness</b>	1.77 days	1.76 days	<b>1.67 days</b>	Council endeavours to investigate food complaints on the same day they are received. The result is below the target of less than ten.
Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]				
<b>Service standard</b>	100.00%	100.00%	<b>100.00%</b>	All of our registered Class 1 and Class 2 food premises received an annual food safety assessment in accordance with the Food Act 1984.
Percentage of required food safety assessments undertaken [Number of registered Class 1 food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered Class 1 food premises and Class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x 100				
<b>Service cost</b>	\$550.32	\$547.92	<b>\$521.41</b>	This result shows the average cost of our food safety service.  This year we had an increase in the number of food premises registered or notified in accordance with the Food Act 1984 which has contributed to the lower result.
Cost of food safety service per premises [Direct costs of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]				
<b>Health and safety</b>	95.55%	99.11%	<b>99.28%</b>	Over the last three years we have seen an improvement in the number of critical and major non-compliance notifications followed up on time. During 2016, all critical non-compliance notifications were followed up on time and the three major non-compliance notifications not completed have now been rectified.
Percentage of critical and major non-compliance outcome notifications followed up by Council [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100				




















## Service statistics


















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

The following statistics highlight some of the services we provided during 2016/17 compared to previous years.

Service / statistic	Result		
	2014/15	2015/16	2016/17
<b>Maternal and child health services</b>			
Birth notifications received	1,255	1,362	1,344 
Community immunisation sessions held	79	80	78 
Infants and children attending immunisation sessions	2,784	2,952	2,801 
<b>Childcare</b>			
Total places across the City	1,530	1,620	1,728 
Council managed places	318	318	318 
<ul style="list-style-type: none"> <li>• Bubup Nairn Family and Children's Centre</li> </ul>	116	116	116 
<ul style="list-style-type: none"> <li>• Clark Street Children's Centre</li> </ul>	65	65	65 
<ul style="list-style-type: none"> <li>• Coventry Children's Centre</li> </ul>	60	60	60 
<ul style="list-style-type: none"> <li>• North St Kilda Children's Centre</li> </ul>	77	77	77 
Community managed places	446	483	568 
Commercial managed places	766	819	842 
<b>Family support</b>			
Received in government grants	\$238,372	\$250,208	\$253,000 
Target hours provided	2,565	2,729	2,327 
<b>Young people</b>			
Young people (8-11 years old) accessing programs that are run or funded by Council	NA	21,187	33,369 
Young people (12-25 years old) accessing programs that are run or funded by Council	8,178	26,359	21,946 
<b>Aged and disability services</b>			
<b>Home care</b>			
Active home care clients	1,991	1,973	1,710 
Hours of general home care	26,758	27,902	19,865 
Hours of meal preparation	432	284	219 
Hours of personal care	6,788	6,556	6,239 
Hours of home maintenance service	4,003	3,413	2,450 
Hours of respite care	8,647	7,356	6,435 
Hours of shopping services	9,051	8,373	8,137 
Hours of core social support	7,958	9,204	9,919 
Hours of high priority social support	10,270	9,183	8,564 



Service / statistic	Result		
	2014/15	2015/16	2016/17
<b>Community meals</b>			
Meals delivered	33,321	31,321	27,688 
Meals provided at centres	4,467	3,798	2,949 
Meals subsidised	80,679	80,037	82,848 
<b>Community transport</b>			
Community bus trips	3,380	1,352	1,981 
Passengers who used the service	32,845	33,150	33,048 
<b>Volunteers</b>			
Community access volunteers	23	15	15
<b>Libraries</b>			
Loans made at our five library branches	795,928	748,524	716,561 
Inter-library loans	5,526	4,082	4,976 
Total library visits	677,194	670,179	687,565 
Programs run	530	442	478 
Attendees at our programs	43,769	35,619	33,922 
New books added to the collection	19,732	19,866	21,462 
<b>Arts and festivals</b>			
Filming permits issued	252	290	228 
Attendance at St Kilda Festival	420,000	450,000	400,000 
<b>Sports facilities</b>			
Bookings across 15 sporting reserves	4,487	3,871	4,387 
<b>Community centres</b>			
Community centres	12	12	12
Visits	194,295	172,590	184,140 
Bookings	11,721	11,506	12,276 
Casual hires	1,232	1,071	1,131 
<b>Events</b>			
Weddings held in our parks and open spaces	103	88	79 
Community events held in our parks and open spaces	38	20	29 
Community events in Council halls	48	69	81 

Service / statistic	Result		
	2014/15	2015/16	2016/17
<b>Food safety</b>			
Inspections of registered premises	2,822	2,734	2,680 
Food premises complaints	185	217	185 
Food samples analysed	268	218	265 
<b>Health services</b>			
Prescribed accommodation inspections conducted	97	91	134 
Hairdresser, tattooist and beauty parlour inspections conducted	268	132	106 
Syringes collected and discarded through syringe disposal containers and the Community Clean-up program	19,584	22,021	20,749 
Public health nuisances reviewed	239	275	234 
<b>Animal management</b>			
Animal registrations	8,072	8,279	9,678 
Dogs impounded	129	142	129 
Cats impounded	120	132	150 
Reported cases of stray cats (feral or trespassing)	111	97	106 
Reported cases of stray dogs (wandering at large)	88	73	78 
Reported cases of dog attacks	72	99	86 
Reported cases of barking dogs	285	278	332 
<b>Local laws</b>			
Litter investigation requests	867	550	588 
Unightly property complaints	152	122	149 
Local law infringement notices issued	389	487	484 

### Explanation of significant variations

**Childcare services** - Total long day care places across the City have increased with additional places at both community managed and commercial managed centres. This includes the provision of 30 additional places at Bubup Wominjeka Family and Children's Centre and the inclusion of long day care kindergarten places at Poets Grove.

**Sporting facilities** - Bookings at our sporting facilities have increased however the methodology for obtaining this information has changed, limiting comparisons.

**Aged and disability services** - The overall decrease in the aged and disability services statistics is due to changes in the sector. Clients are accessing services through new types of packages and new providers in the area, and the number of residents over 65 has declined.

**Animal management** - The volume of cat and dog registrations has increased due to greater awareness of the option to register animals online.

**Young people** - Compared to the previous year, Council has seen an overall increase in the young people accessing programs or services. This year has also seen a shift in the ages who are using our services. The substantial increase in middle years (8-11) can be attributed to changes to programming changes, provision of a staff member to target this group and greater awareness of programs and services. The decrease in the older group can be attributed to reduced programs provided during the year.

# Resilient - a strong, innovative and adaptive City

## **Our strategic objectives**

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

One of the largest solar photovoltaic systems in Victorian local government on the St Kilda Town Hall.

» read more on [page 92](#)





## Performance highlights

### Reducing greenhouse gas emissions

#### Installing and upgrading infrastructure

A 172 kW solar photovoltaic system was installed on the roof of the St Kilda Town Hall in September. This will provide financial savings while avoiding 300 tonnes of greenhouse gas emissions each year. Solar systems were also installed at Elwood Tennis Club and Elwood Park Pavilion. An upgrade of air conditioning and heating at the St Kilda Library is expected to avoid 50 tonnes of emissions each year.

### Addressing transport issues

#### Car Sharing

The adoption of the Car Share Policy on 26 July will help ease the escalating transport problem in the City. The policy sets ambitious target for member numbers (from 4,000 to 12,000) and car share bays (from 79 to 330) by 2021. This year the installation of additional car share bays brings the total in the municipality to 130.

### Awarded for partnership with other councils

#### LGPro Award for Excellence

On 23 February the City of Port Phillip, along with the cities of Banyule, Moreland, Stonnington and Yarra, was awarded the 2017 LGPro Award for Excellence - Sustainability Initiative. Each Council received the award for jointly incorporating environmentally sustainable development into their planning schemes in 2015.

## Challenges

### Meeting ambitious Toward Zero targets

Council adopted the Toward Zero Sustainable Environment Strategy in 2007. The strategy was ambitious, setting out clear commitments for both Council and community. Each year Council has reported publicly on its progress to share success and learn from any setbacks.

This year Council undertook an independent review of its capacity to achieve the ambitious targets. The review determined that, while progress had been made, substantial investment would be required to meet all the 2020 targets. The outcomes of the review will feed into a new sustainable environment strategy, which will be a key focus for the next year.

» More information on our annual progress to achieve these targets is available in **Chapter 5 Achieving Toward Zero**.

### Reducing waste to landfill

The proportion of our kerbside waste diverted from landfill has slightly decreased compared to previous years and remains below the target of 35 per cent.

This result has been impacted by a shift in community behaviour away from the purchase and disposal of newspapers which previously formed a higher proportion of the waste being diverted to recycling.

During the year Council distributed a new information kit to over 100 multi-unit developments to increase recycling levels, installed new 17 bins across the municipality and initiated a year-long trial of compacting bins on the foreshore. Over the next year Council will develop a waste strategy to prepare for the significant growth in the municipality and identify how we can transform waste management in this context.

## » Looking forward

The Council Plan 2017-27 has a strong focus on responding to sustainability challenges and ensuring we have smart solutions for a sustainable future.








Over the next four years Council will work towards revolutionising the way we manage waste to reduce waste to landfill, and

invest in innovative water harvesting to reduce our potable water use.

We will work with our community to reduce community greenhouse gas emissions and adapt to the impacts of a changing climate, including the risk of flooding.

Key commitments in the plan include developing a Sustainable City Community Action Plan, a Sustainable Environment Strategy Beyond 2020 and a Waste and Resource Recovery Strategy, along with investing in stormwater harvesting, solar energy and the Port Phillip EcoCentre.

## Measures of success

Measure	Result			
	2013/14	2014/15	2015/16	2016/17
<p><b>Waste diversion</b></p> <p>Kerbside waste diversion from landfill rate is consistent with like councils</p> <p>(Target: 35% of all waste diverted to recycling)</p>	Data not available	34.5%	34.1%	33.1% 
<p><b>Making the City more environmentally sustainable</b></p> <p>At least 80 per cent of community satisfaction survey respondents are satisfied with the performance of Council to make the City of Port Phillip more environmentally sustainable</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	Data not available	Data not available	91%	91% 
<p><b>Greenhouse gas emissions</b></p> <p>Reduction in Council's total greenhouse gas emissions per annum</p> <p>(Target: 6,464 tonnes CO<sub>2</sub>e)</p>	9,730 tCO <sub>2</sub> e	9,283 tCO <sub>2</sub> e	6,464 tCO <sub>2</sub> e	6,464 tCO <sub>2</sub> e 
<p><b>Potable water consumption</b></p> <p>Achievement of Council's total potable water consumption target for the year</p> <p>(Target at year end: Less than 211 megalitres (ML) by 30 June 2017)</p>	209ML	209ML	258ML	238ML 
<p><b>Alternative water use</b></p> <p>Progress towards Council's use of alternative water source targets</p> <p>(Target: Greater than 5 megalitres (ML))</p>	35ML	Data not available	1.68ML	10.51ML 
<p><b>Stormwater quality</b></p> <p>Progress towards stormwater quality targets</p> <p>(Target: 47.2 tonnes (T) pollutant load)</p>	35.0T	35.4T	38.9T	44.1T 
<p><b>Participants taking action</b></p> <p>Percentage of participants in Council environment programs who report taking action as a result of their involvement</p>	Data not available	Data not available	79%	76% 

## Major initiatives

### Toward Zero Community Action Plan

**Actual: \$8,794**      **Budget: \$40,000**

The Toward Zero Community Action Plan will deliver a range of initiatives to support the community to reduce their waste, water and energy use. Community consultation to inform the plan has commenced, including the delivery of targeted focus groups and launch of a community survey. The project is on track for completion in November 2017.

### Toward Zero Waste Management and Resource Recovery Strategy

**Actual: \$29,262**      **Budget: \$25,000**

This is a multi-year project to develop a new strategy to manage waste in Port Phillip. Officers have been collaborating with City of Melbourne and the Metro Waste and Resource Recovery Group to develop the strategy, which includes innovative recycling outcomes for high rise buildings, single dwellings and unit blocks. This is on track for completion in June 2018.

### Towards Zero Energy Efficiency and Solar PV in Council Buildings

**Actual: \$360,090**      **Budget: \$562,000**

Solar photovoltaic systems were installed at Elwood Tennis Club and Elwood Park Pavilion. Other works included installation of sub-meters at St Kilda Library, Bubup Nairn and Port Melbourne Town Hall, and modifications to the lighting control system at St Kilda Town Hall. We experienced slight delays in installing the solar photovoltaic systems at Bubup Nairn, Emerald Hill Library and Albert Park Library, and these were completed in August 2017.

### Environmental Building Retrofits - Solar at St Kilda Town Hall

**Actual: \$338,959**      **Budget: \$264,000**

This project involved installation of a solar photovoltaic system and installation of safe roof equipment on the auditorium and annexe roof of the St Kilda Town Hall. Installation was completed in October 2016.

### Albert Park Lake Stormwater Harvesting

**Actual: \$0**      **Budget: \$0**

Albert Park Lake Stormwater Harvesting is a multi-stakeholder, multi-year project led by Parks Victoria, in partnership with the City of Port Phillip and the City of Melbourne. The objective of this project is to investigate, design and cost changes to Port Phillip irrigation assets, with the aim of connecting to a future stormwater harvesting system within Albert Park Lake. A Technical Proving report was delivered in June 2017. Project partners are reviewing the feasibility of the project.

## Services we delivered and what they cost

Service	Actual	Budget	Variance
<b>Sustainability</b> Reduce Council and community impact on the environment through policy, capital delivery, behaviour change programs and advocacy	\$3,076,498	\$3,131,000	\$54,502
<b>Transport and parking</b> Provide and maintain a safe transport network, improve the range of travel choices and manage parking policy and enforcement	\$33,934,723	\$34,493,000	\$558,277
<b>Waste reduction</b> Reduce waste going to landfill through kerbside recycling, hard waste collection, e-waste collection, and the regional resource recovery centre, and support for the EcoCentre	\$8,209,949	\$8,196,000	(\$13,949)





### Material variation explanations

There have been no material variations (over \$1 million) in these services between their respective budgets and actuals.

## Service statistics

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

The following statistics highlight some of the services we provided during 2016/17 compared to previous years.

Service / statistic	Result		
	2014/15	2015/16	2016/17
<b>Waste reduction</b>			
Waste bins collected each week	38,582	38,749	38,909 
Recycling bins collected each week	34,355	34,626	34,962 
Hard and green waste collections	15,102	15,682	17,217 
<b>Sustainability</b>			
Participants in Council-run sustainability programs	7,573	8,274	8,308 

There have been no significant changes in these services.



## Service performance

Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Waste collection</b>				
<b>Satisfaction</b> Kerbside bin collection requests per 1,000 households <small>[Number of kerbside garbage and recycling bin collection requests / Number of kerbside collection households] x 1,000</small>	48.64	33.57	<b>29.29</b>	Careful performance monitoring of the kerbside bin collection contract has contributed to a lower number of requests this year.
<b>Service standard</b> Kerbside collection bins missed per 10,000 bin lifts <small>[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bins lifts] x 10,000</small>	5.55	2.67	<b>1.73</b>	Careful performance monitoring of the kerbside bin collection contract has resulted in a low number of missed kerbside collection bins.
<b>Service cost</b> Cost of kerbside garbage bin collection service per bin <small>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</small>	\$65.35	\$63.68	<b>\$69.65</b>	Previously published results in 2014/15 and 2015/16 have been restated because an audit of this measure has identified that previous reporting included the cost of hard waste disposal.
Cost of kerbside recyclables collection service per bin <small>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</small>	\$32.00	\$33.93	<b>\$36.07</b>	The cost of our kerbside recyclables collection service per bin per year includes weekly collection.
<b>Waste diversion</b> Kerbside collection waste diverted from landfill <small>[Number of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100</small>	34.50%	34.11%	<b>32.94%</b>	This result measures the proportion of recyclables collected from kerbside that is diverted from landfill. Council did not meet its annual target of 35 per cent diversion.

# Vibrant - a liveable and connected City

## Our strategic objectives

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

# Performance highlights

## Vibrant Village program awarded

### Economic Development Australia Awards

Council's Vibrant Villages Program was announced as the winner of the Community in Economic Development Award at the Economic Development Australia Awards on 6 October. This award recognises Council's efforts to create vibrancy within communities by harnessing the diverse interests of our local traders, community groups, motivated residents and Council to deliver community-led action within our City. This three-year program was completed this year with a number of community-led partnership groups continuing.

## Palais Theatre refurbished

### Securing the future of Palais Theatre

After delivering a large program jointly funded by the Victorian Government and Council to address critical maintenance and refurbishment issues, Major Projects Victoria completed the works and handed the Palais Theatre back to the City of Port Phillip and Live Nation, the new operator of the theatre.

## Managing increased summer visitation impact

### High resident satisfaction with visitor impact management

Maintaining safe and clean public spaces over summer is an ongoing challenge. To ensure the amenity of public spaces over the Christmas and New Year period, planning begins in October with multiple Council service units and nine external agencies and contractors involved. At the end of this year's season almost 80 per cent of community survey respondents rated our performance as good or very good in this area, which is an increase of almost five per cent compared with previous results.

## New open space and facilities in growth areas

### Ferrars Street Education and Community Precinct

Council together with the Victorian Government is delivering Victoria's first vertical government school with integrated community facilities and a new Montague Community Park (interim name) to provide much needed services and open space for the future community of Fishermans Bend. This year, construction of the school facilities progressed well and Council endorsed the streetscape and park designs, with demolition at the park site commencing in June 2017. The school building will open in Term 1, 2018.

### Advocating for great outcomes in Fishermans Bend

Over the year Council has worked closely with Department of Premier and Cabinet, Department of Treasury and Finance, the Fishermans Bend Taskforce and City of Melbourne to ensure Council's objectives for Fishermans Bend are realised.

## Local markets highly regarded

### South Melbourne Market celebrates 150th birthday

This year we celebrated the market's 150th birthday with numerous events including a free community street party and barbecue, exhibition and guided historical tours. For the first time attendance at the market exceeded five million, up 5.9 per cent on the previous year.

### St Kilda Esplanade Market

The St Kilda Esplanade Market continues to be a successful tourism attraction for visitors to St Kilda, with the market now featuring food vans and buskers. The flow on effect of the market ensures economic benefit is distributed throughout the St Kilda precinct, in particular Acland Street.

The opening of the St Kilda Film Festival marked the unveiling of the refurbished Palais Theatre.

» read more on pages 101 and 141

photo Jim Lee





## Making it easier and safer to get around the City

### Additional bus services

Council successfully secured several additional peak hour bus services to and from Fishermans Bend on the 235 and 237 bus routes as part of the Victorian Government's State Budget.

### Reduced speeds in local streets

All local streets (excluding Fishermans Bend) are signposted as 40 km per hour. This has been achieved three years earlier than planned.

## Local amenities rated highly

### High satisfaction for local amenities

Council exceeded annual targets for resident perceptions of local retail areas, the South Melbourne Market, parks and open space, beach cleaning and street cleaning.

## Challenges

### Delays to Walk and Bike Plan implementation

While four out of five projects within the walk and bike plan were completed, the signal upgrade at the Swallow Street Light Rail was delayed and will be completed in 2017/18. This has impacted the delivery of the Council Plan action to implement integrated infrastructure and innovations to support local walking and bike riding.

### Progressing the St Kilda Triangle site

After the Minister for Planning declined Council's request for an extension of Amendment C106, officers commenced work with the new Councillors to plan the next steps for St Kilda Triangle. This has impacted the delivery of the Council Plan action to Implement St Kilda Triangle 2012, continuing to work towards securing a sustainable future for the St Kilda Triangle.

### Addressing concerns in commercial precincts

To address amenity concerns in key commercial areas such as Fitzroy Street, Council implemented a precinct management approach that included a campaign to encourage local residents to shop locally, install CCTV and increase street cleaning.

### Reducing serious traffic collisions

The most recent results for 2015/16 have shown an increase in the number of pedestrians, bicycle riders and motorcyclists involved in serious traffic collisions compared to the previous year. This result is comparable to 2012/13 where 74 traffic collisions occurred. In 2016/17 Council continued to progress initiatives to enhance the quality and safety for bike riding and walking, including engaging with VicRoads to improve the St Kilda Road corridor and reducing speed limits on local roads.

## » Looking forward

The Council Plan 2017-27 sets out bold ambitions to ensure we are connected and it is easy to move around; we are growing and keeping our character; and we thrive by harnessing creativity.

Council will focus on developing an integrated transport strategy to achieve real travel choices,










an improved framework for managing our limited parking supply and streets that are designed for people.



Council will continue working in partnership with the Victorian Government to develop robust planning frameworks and precinct

plans for Fishermans Bend, to ensure a world class renewal area.

We will also invest in retail precincts to make sure they are a focal point for local communities, grow our creative industries cluster and transform our libraries as creative and learning spaces.

## Measures of success

Measure	Result			
	2013/14	2014/15	2015/16	2016/17
<p><b>Local retail area satisfaction</b></p> <p>Community satisfaction survey respondents agree their local retail area is vibrant, accessible, engaging, full of energy and life, and somewhere they want to be</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	Data not available	96%	96%	97% 
<p><b>South Melbourne Market</b></p> <p>Community satisfaction survey respondents believe South Melbourne Market is a significant benefit to residents</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	97%	98%	99%	99% 
<p><b>Sustainable design</b></p> <p>Increased number of planning permit applicants participating in the Sustainable Design Assessment in the Planning Process (SDAPP) program within Port Phillip</p> <p>(Target: 70% by 30 June 2017)</p> <p>Note: Methodology changed during 2014/15</p>	71%	78%	78%	75% 
<p><b>Parks and open space</b></p> <p>Community satisfaction survey respondents are satisfied with quality of parks and open space</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	90%	96%	94%	96% 
<p><b>Beach cleaning</b></p> <p>Community satisfaction survey respondents are satisfied with quality of beach cleaning</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	83%	94%	92%	95% 
<p><b>Street cleaning</b></p> <p>Community satisfaction survey respondents are satisfied with quality of street cleaning</p> <p>(Target: At least 80% respondents are neutral, agree or strongly agree)</p>	80%	89%	89%	88% 
<p><b>Capital works delivery</b></p> <p>The proportion of the capital works program that is delivered on budget</p> <p>(Target: At least 80% expenditure compared to budget)</p>	70%	75%	84%	82% 
<p><b>Renewal gap ratio</b></p> <p>Renewal gap ratio - difference between rate of spending on assets and asset depreciation</p> <p>(Target: At least 90% renewal gap ratio)</p>	80%	73%	72%	92% 
<p><b>Sustainable transport</b></p> <p>Increase in reported community use of sustainable options as their main mode of transport</p> <p>(Target: At least 50% respondents use sustainable transport as their main mode of transport to work)</p>	58%	59%	57%	64% 

Measure	Result			
	2013/14	2014/15	2015/16	2016/17
<b>Parking management</b> Community satisfaction with parking management is consistent with industry benchmarks (Target: At least an index score of 53)	48	52	50	53 
<b>Serious traffic collisions</b> Reduction in the number of serious traffic collisions involving pedestrians, cyclists and motorcyclists* * Data is one year in arrears	79	62	74	NA 

## Major initiatives

### Fishermans Bend

**Actual: \$84,483      Budget: \$100,000**

Following public consultation, the Fishermans Bend Vision was finalised and released in early October. The Fishermans Bend Taskforce conducted a series of targeted consultation sessions providing opportunities for the community to participate in discussions about public space and community service needs in Fishermans Bend. The Fishermans Bend Taskforce sought the advice of the Ministerial Advisory Committee regarding the draft Framework Plan and will continue to seek community feedback throughout 2017 for input into the final Framework Plan.

Developing a clear funding strategy for the delivery of Fishermans Bend has been a key focus this year, and Councillors and officers have been working closely with Department of Premier and Cabinet, Department of Treasury and Finance, the Fishermans Bend Taskforce and City of Melbourne on funding. Officers continue to provide input into the work of the Fishermans Bend Taskforce, including the draft Fishermans Bend Framework Context Report and Implementation Plan, and revised planning controls. It is understood that public consultation on the draft framework will occur in late 2017.

### Queens Lane upgrade

**Actual: \$36,598      Budget: \$65,000**

We have implemented speed limit reductions, passing areas, road resurfacing and right lane turning bans to address safety and congestion concerns in Queens Lane. Further safety improvement works at the intersection of Kings Way and Queens Lane commenced in June 2017 and will be completed by Melbourne Metro Rail Authority on behalf of Council. Tree planting was scheduled for June 2017, but was delayed due to the location of underground services. Council is investigating alternative tree locations and streetscape options.

### Palais Theatre

**Actual: \$5,546,272      Budget: \$3,350,000**

Major Projects Victoria completed major critical maintenance and refurbishment works ahead of schedule and handed the Palais Theatre back to the City of Port Phillip. The works included upgrading the electrical system, fire protection system, disabled access and facilities, and hydraulic systems, along with refurbishing the theatre's exterior.

In line with the phased opening of the venue, the Palais Theatre operator, Live Nation, is refurbishing the inside of the theatre and upgrading the functionality of the first floor foyer through relocating the office space, installing a lift and accessibility improvements. The works, in accordance with the lease, Heritage Victoria, and landlord approvals, further improves the attractiveness, accessibility, and historic character of the building. The works are the first tranches of \$7.3 million in redevelopment Live Nation is required to complete within the first five years of their lease.

### Wellington Street upgrade

**Actual: \$197,515      Budget: \$230,000**

This project involved construction of safety improvement works on Wellington Street, including line marking and tree planting in the central median and kerb extensions at two intersections. Works were completed in June 2017.

### Vibrant Villages program

**Actual: \$318,297      Budget: \$244,000**

The three-year Vibrant Villages Program concluded in June, and was a big success. We created the program to activate our villages through initiatives that fostered prosperous, attractive and welcoming places. In 2016/17, we supported a free community concert held at South Melbourne Town Hall, delivered street art projects across the City, transformed Acland Street plaza into a forest of sunflowers, supported the greening of Ripponlea Shopping Village and hosted a family picnic day at Garden City Reserve. Village Partnership Group in Emerald Hill and Beacon Cove and Garden City have decided to continue.



## St Kilda Triangle

**Actual: \$0**      **Budget: \$50,000**

In July 2016, officers drafted Design Guidelines for the St Kilda Triangle, with community consultation planned for early 2017 and a Planning Scheme amendment to follow. This work was adjourned while Council established its future priorities and developed its Council Plan. In May Council resolved to write to the Minister for Planning to seek an extension for a further twelve months of Amendment C106, which was declined. Officers continue to work with Councillors to plan the next steps for progressing the plans for St Kilda Triangle and possible planning scheme amendment.

Council officers worked with event organisers to deliver a range of events, experiences and activities at the St Kilda Triangle over the winter period.

## Beach Street Separated Queuing Lane

**Actual: \$200,123**      **Budget: \$250,000**

Council commenced an upgrade to the Beach Street roundabout in Port Melbourne, with a dedicated queuing lane to improve local traffic congestion during the cruise ship season. Construction of the Beach Street queuing lane commenced on 5 June so that works could be completed before the 2017 cruise ship season.

## CCTV Fitzroy Street St Kilda

**Actual: \$346,534**      **Budget: \$80,000**

Seven CCTV cameras were installed in Fitzroy Street between Grey Street and the Upper Esplanade. Victoria Police, local traders, other council partners and our community have supported the installation of CCTV cameras to help people feel safe and discourage further incidents of anti-social behaviour and crime. The amount spent was increased to include a measurement and evaluation framework. An evaluation to determine its effectiveness will be undertaken in 2017/18.

## St Kilda Road safety improvement project

**Actual: \$0**      **Budget: \$0**

Supported by the cities of Port Phillip and Melbourne, this project is a VicRoads initiative to create a safer environment for pedestrians and public transport users. VicRoads submitted the business case to Transport Accident Commission and will commence community engagement in 2017/18, pending approval.

## Precinct Program

**Actual: \$372,618**      **Budget: \$0**

The Precinct Program consists of distinct geographical areas categorised as 'precincts' administered by a newly created role of Precinct Director. The program coordinates work and activities in each precinct under an organisation-wide governing framework to support improvements in each precinct.

## Walk Plan and Bike Plan implementation

**Actual: \$800,463**      **Budget: \$1,000,000**

This program improves walking and bike riding infrastructure throughout the municipality. This year Council has delivered Ferrars and Bank streets pedestrian improvements, Richardson and Wright streets safety improvements, Armstrong Street and Canterbury Road kerb extensions, and the Cecil Street bike lane upgrade. The program also included installation of bike parking throughout the City. Construction of signal upgrade works at Light Rail and Swallow Street, Port Melbourne was postponed due to delays in obtaining permits from utility companies and will be completed in 2017/18.

## Acland Street upgrade

**Actual: \$2,345,177**      **Budget: \$2,776,000**

Works to revitalise the Acland Street streetscape and upgrade the tram terminus were delivered through a partnership between Public Transport Victoria, the City of Port Phillip and Yarra Trams. The integrated place-based urban design has created space for all to enjoy local art, culture, performances and pop-up events, while improving the safety, comfort, capacity, reliability and accessibility of Route 96, one of Melbourne's busiest tram routes.

## Services we delivered and what they cost

Service	Actual	Budget	Variance
<b>Arts, culture and heritage</b>	\$10,944,986	\$9,694,000	(\$1,250,986)
Support access to art, culture and heritage experiences			
<b>Economic development and tourism</b>	\$1,449,962	\$1,736,000	\$286,038
Support our business community to prosper			
<b>Festivals and markets</b>	\$12,458,321	\$11,583,000	(\$875,321)
Deliver festivals and operate and support markets in our City			
<b>Public space maintenance</b>	\$15,303,302	\$14,894,000	(\$409,302)
Maintain and manage our open spaces including foreshore, parks, gardens, reserves, sporting fields and streetscapes			
<b>Public space permitting</b>	\$664,086	\$576,000	(\$68,086)
Activate public space with permitted recreation, cultural and community events			
<b>Public space planning and delivery</b>	\$6,801,648	\$6,801,000	(\$648)
Plan, design and deliver open space capital works and renewals			
<b>City planning and urban design</b>	\$4,030,346	\$4,221,000	\$190,654
Determine how land should be used and developed, design civic space improvements and update the Port Phillip Planning Scheme			
<b>Development compliance</b>	\$9,763,786	\$9,464,000	(\$299,786)
Administer the Port Phillip Planning Scheme to regulate how land is used and developed, and ensure development is suitable for occupation and use			

### Material variation explanations

**Arts, culture and heritage:** Higher than budgeted expenditure due to delayed timing of expenditure for the Palais Theatre refurbishment which was budgeted in 2015/16 and actually completed in 2016/17.

**Festivals and markets:** Higher than budgeted expenditure due to the 2015/16 funded South Melbourne Market Rooftop Carpark Crash Barrier project being completed in 2016/17.

## Service performance

Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Statutory planning</b>				
<b>Timeliness</b>	67	75	<b>78</b>	The median number of days to make a decision on a planning application increased and reflects a high number of large complex planning permit applications and additional layers of planning control.
Time taken to decide planning applications [The median number of days between the receipt of a planning application and a decision on the application]				
<b>Service standard</b>	61%	57%	<b>60%</b>	The proportion of planning decisions made within 60 days increased by four percentage points and met our annual target of 40 per cent.
Planning applications decided within 60 days [Number of planning application decisions made within 60 days / Number of planning decisions made] x 100				
<b>Service cost</b>	\$1,367.34	\$1,725.18	<b>\$2,073.70</b>	Historical results have been restated because during the year it was identified that Council was incorrectly using all applications when it should be using new applications as the denominator. The cost of the statutory planning service increased due to additional resources being employed to deal with more complex applications.
Cost of statutory planning service per planning application [Direct cost of the statutory planning service / Number of planning applications received]				
<b>Decision making</b>	73%	71%	<b>70%</b>	The result has slightly decreased this year, however when we include mediated and withdrawn outcomes, Council decisions upheld at VCAT is 83 per cent. This result exceeded our annual target of 30 per cent. The 2014/15 result has been restated changing it from 79 per cent because it was identified in the previous year that Council needed to change how it was applying the definition.
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of decisions in relation to planning applications] x 100				





















Service / indicator / measure	Result			Comment
	2014/15	2015/16	2016/17	
<b>Roads</b>				
<b>Satisfaction</b> Sealed local road requests per 100 km of sealed local roads [Number of sealed local road requests / Kilometres of sealed local road] x 100	59	52	<b>65</b>	The City of Port Phillip has a high population density. The number of requests is higher this year because we have improved the categorisation of the types of requests included.
<b>Condition</b> Sealed local roads maintained adequately [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100	92.00%	96.98%	<b>96.98%</b>	This result shows the percentage of sealed local roads including laneways that are below the renewal intervention set by Council and are not requiring renewal. We will have more current information once we know the outcome of a condition audit undertaken in June and July 2017. This will be reported in the following year.
<b>Service cost</b> Cost of sealed local road reconstruction per square metre [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$170.70	\$156.51	<b>\$190.87</b>	The cost of our sealed local road reconstruction includes all types of road materials, including asphalt, concrete and bluestone. In addition we include any stormwater drainage costs incurred while undertaking road reconstruction. The rise in cost is due to an increase in the proportion of bluestone pavers reset this year compared to the previous year.
<b>Cost of sealed local road resealing per square metre</b> [Direct cost of sealed local road resealing / Square metres of sealed local road resealed]	\$40.27	\$43.03	<b>\$49.90</b>	The City of Port Phillip only uses asphalt for its resurface material because it is more resilient, while other councils may use a mix of asphalt and spray seal. This leads to a higher cost. The rise in cost is the result of specific pavement design that uses an increased depth of asphalt, which has a higher cost per square metre.
<b>Satisfaction</b> Community satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	73	70	<b>70</b>	We received the same rating as previous years, which was higher than the Melbourne Metropolitan average of 66 and achieved our annual target of 50.



## Service statistics

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

The following statistics highlight some of the services we provided during 2016/17 compared to previous years.

Service / statistic	Result		
	2014/15	2015/16	2016/17
<b>Parks and open space</b>			
Ovals mowed (hectares per week)	14 ha	14 ha	14 ha 
Reserves and gardens maintained (hectares per week)	177.6 ha	177.6 ha	177.6 ha 
Playground inspections conducted	3,007	3,692	3,380 
Additional trees planted	1,305	1,466	1,117 
<b>Property management</b>			
Leases and licences managed by Council	132	170	172 
Building maintenance requests processed	4,942	5,106	5,313 
<b>Planning applications</b>			
Received	1,602	1,529	1,423 
Decisions made	1,438	1,624	1,380 
<b>South Melbourne Market</b>			
Visitors to the South Melbourne Market during the year	4,644,521	4,724,196	5,001,932 
<b>Parking management</b>			
Abandoned vehicles	1,476	1,489	1,679 
Disabled parking permit issued - Blue	1,179	1,236	1,257 
Disabled parking permit issued - Green	217	120	102 
Resident parking permits issued	6,710	7,646	6,465 
Foreshore permits issued	2,567	2,527	2,266 
Combined permits issued	7,068	7,016	5,842 
Community service permits issued	1,133	1,301	1,038 
Visitor parking permits issued	10,724	11,486	10,193 
Parking enforcement infringements issued	147,647	158,376	162,852 
Parking complaints (officer)	33	17	28 
Number of parking permits issued per year	18,830	32,986	28,548 

### Explanation for significant variation

**Parking management** - The decrease in the volume of parking permits issued is attributed to an increase in the number of new developments ineligible for permits. There has been an increase in the number of abandoned vehicles reported to Council for investigation.

**Parks and open space** - While the number of new trees planted has decreased compared to the previous year, it is still above the target of more than 1,000 and resulted in a net increase of 618, which is comparable to previous years.

# Asset management performance

Asset management is the way in which Council looks after its assets, both on a day-to-day basis (maintenance and operations) and in the medium to long term (strategic and forward planning).

The cost of providing assets is not one off. Community assets wear out and require regular maintenance, rehabilitation and, at times, upgrading. To achieve long term financial sustainability, effective asset management is essential. We must manage our assets prudently by balancing cost, risk and performance within an ever changing and challenging environment.

Council manages over \$2.9 billion in assets, which has been built up progressively over many years and includes: land, roads, footpaths, drains, buildings, parks and open space, and maritime infrastructure. These assets exist to provide value to the community in the delivery of a wide range of services. Council allocates funding to the renewal and enhancement of our assets on an annual basis.

We continue to demonstrate our ongoing commitment to improving the standards of critical infrastructure assets which we are entrusted to manage. In 2016/17 we undertook close to \$31.9 million worth of capital works on upgrading, rehabilitating and growing our assets so that they are safe, reliable, and meet the needs of our community.

### New, upgraded, safe and compliant assets

We created new assets and upgraded a number of existing assets to increase service provision and access to our community. During the year we also had a strong focus on making a range of upgrades to a number of facilities to make them safe and to improve their accessibility.

	Capital expenditure
	2016/17
St Kilda Life Saving Club redevelopment Total project cost was \$4.6 million.	\$2.7 million
Gasworks Theatre building upgrade	\$2.2 million
Palais Theatre refurbishment Total project cost was \$20.1 million. Council's contribution was \$7.5 million.	\$5.5 million
Acland Street upgrade	\$1.1 million
Energy Efficiency and Solar in Council buildings	\$278,800
Environmental Building Retrofits - solar at St Kilda Town Hall	\$337,000
Point Ormond public toilets upgrade	\$362,000
Separated queuing lane on Beach Street to alleviate traffic congestion	\$200,000
Accessibility improvements to Council buildings	\$56,000
Implementation of safe roof access systems on Council buildings	\$98,000
Installation of crash barriers within the South Melbourne Market rooftop carpark	\$573,000
Improvements to Bubup Nairn Family and Children's Centre	\$76,000

## Asset renewal

Sustaining our community infrastructure and assets is one of the biggest challenges Council faces. At risk is the continued sustainability of our assets which are intrinsically important to the delivery of our services.

We recognise this challenge and have sustained our effort to invest in asset renewal at responsible levels. This year we spent close to \$20.7 million on renewing our buildings, roads, footpaths, drains and public space infrastructure.

This investment represents a renewal ratio of 92.1 per cent and demonstrates that we are committed to asset sustainability. The renewal ratio expresses net capital expenditure on renewal of existing assets as a percentage of the optimal level of expenditure which is measured as depreciation.

	Capital expenditure
Major asset renewal projects	2016/17
Footpath renewal program (10.9 kilometres)	\$1.73 million
Road resurfacing program (33,800 square metres)	\$1.68 million
Road renewal program (2.6 kilometres) Holroyd Avenue, St Kilda East; Quat Quatta Avenue, Ripponlea; Kendall Street, Elwood; Ross Street, Port Melbourne; Alfred Place, St Kilda; Bayview Street, Elwood; Victoria Street, South Melbourne	\$1.5 million
Kerb renewal program Dickens Street, Elwood; Albert Road, South Melbourne; Stead Street, South Melbourne; Tope Street, South Melbourne; Cruikshank Street, South Melbourne	\$524,000
Drainage renewal program	\$900,000
Public space renewal program Beacon Cove foreshore, Elwood public space, Moran Reserve, Marina Reserve, Pier Road / St Kilda Beach	\$360,000
Parks infrastructure renewal, including seating, signs, bins, pathways and irrigation systems	\$480,000
Road furniture renewal, including signs, streetscape elements, and parking machines	\$430,000
<b>Building renewal and refurbishment works</b>	
South Melbourne Market	\$221,000
Minor building renewal projects to various Council buildings to maintain safety and service	\$128,000
Elwood Surf Life Saving Club	\$310,000
Minor capital works to a number of Council's childcare centres	\$105,000
Linden Gallery (multi-year project)	\$85,000
Replacement of heating and cooling equipment servicing the St Kilda Library	\$260,000
South Melbourne Town Hall lifts (multi-year project)	\$51,000



## Highlights

### Asset management policy

The Asset Management Policy was reviewed and adopted by Council in accordance with best practice. This policy will ensure appropriate management of our assets to meet current and future community needs and is a key part of our overall asset management framework.

### Asset information

We continue our program of ongoing asset condition audits to better understand how our assets perform and assist with planning. Assets assessed included roads (surface and pavement), buildings and facilities.

### Asset management plans

We undertook significant work throughout the year to complete plans for all our asset portfolios of transport, stormwater, buildings, public space, lighting and information and technology. These plans ensure that key management directions are defined.

## Challenges

### Asset management strategy

We are preparing an Asset Management Strategy which will review of our current environment, identify the desired state and detail a roadmap to achieve best practice asset management capability. The strategy will also address how key Council Plan objectives that rely on assets will be achieved.

### Continuous improvement

We recognise the importance of, and are committed to, improving asset management in accordance with the National Asset Management Assessment Framework. This is a tool used by Council to conduct a self-moderated assessment of the level of maturity of our asset management processes, practices and systems.

Council is close to achieving a 'core' maturity in asset management however further work is required to bridge some gaps.

### Investment challenges

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

A key challenge is to provide a sustainable balance between providing new or enhanced assets and maintaining and renewing our existing assets at a cost and quality that is affordable and acceptable to our community. Better aligning future funding needs will help optimise expenditure.

## » Looking forward

We will consolidate existing practices and implement initiatives to:

- ensure that our assets are fit-for-purpose
- use our assets innovatively to deliver community benefit
- incorporate climate resiliency and mitigate the environmental impact of our assets
- improve our practices, including using smart technology to optimise decisions and performance
- ensure financially sustainable decisions so that we can continue to look after, improve and grow our assets for current and future generations.

# 5

## Achieving Toward Zero

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# Toward Zero

Toward Zero is the City of Port Phillip's sustainable environment strategy to 2020. Council adopted Toward Zero in 2007.

**The strategy outlines nine sustainability challenges and sets Council and community targets for 2020.**

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



Commuters along the St Kilda Foreshore.

photo Piers Buxton

# Major milestones

## September 2016

- Completed installation of 172 kW solar panels at St Kilda Town Hall

## November 2016

- Partnered with Public Transport Victoria and Yarra Trams to deliver an accessible tram terminus, streetscape upgrade, wider footpaths and new pedestrian plaza on Acland Street

## February 2017

- Installed a GaiaRecycle machine at South Melbourne Market, which converts food waste into fertiliser and water
- Received an LGPro Award for Excellence, in partnership with five other Councils, for the Environmentally Sustainable Design Policy - Planning Reform for a Sustainable Future

## March 2017

- Facilitated an architecture and urban design exhibition, 'Swamped', which focused on the impact of climate change on the Elster Creek catchment

## May 2017

- Called upon the Victorian Government to ban the free distribution of single use plastic bags and pledged to join Zoos Victoria's campaign to avoid using balloons
- Implemented Multi Unit Developments (MUDs) education campaign aimed at improving waste recycling rates and other amenity issues, including a Facebook posting forum aimed at building body corporate coordinators

## June 2017

- Completed construction of six raingardens
- Improved 13 intersections for bike riders and pedestrians and improved public lighting along the Port Melbourne light rail shared path
- Completed installation of 45 new on-street car share bays to reduce the need for car ownership
- Completed planting over 1,110 trees in streets and parks
- Commenced community consultation and data collection for the Toward Zero Community Action Plan
- Reviewed the Procurement Policy to increase the input of sustainability technical experts and provide support for sustainable purchases
- Partnered with nine neighbouring councils to develop and endorse the Bay Blueprint, a coastal adaptation planning framework
- Installed smart sensor solar powered litter bins along the St Kilda foreshore
- Successful application for the Environmental Protection Agency officers for the Protection of the Local Environment pilot program which will assist in dumped waste investigation and building site waste issues
- Successful application for the Australian City Partnerships Programme, which commences in September 2017 and runs for two years. This aims to support non-traditional sustainable urban development projects





# Our 2020 challenges

Raingarden in Port Melbourne. Council installed six raingardens throughout Port Phillip to improve the quality of water entering the bay.

» read more on page 117

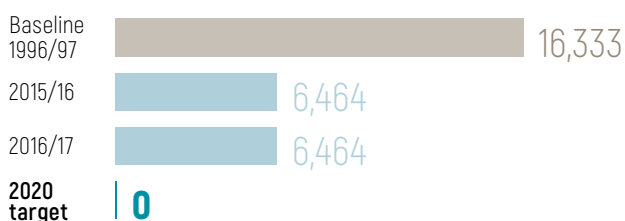


## Greenhouse gas emissions

### Our commitment

Achieve zero net greenhouse gas emissions in council operations and services by 2020

### Council emissions (Tonnes CO<sub>2</sub>e)



Council's 2016/17 net greenhouse gas emissions were 6,464 tonnes carbon dioxide equivalent (tCO<sub>2</sub>e), including purchase of 4,490 carbon offsets. This is a 60 per cent reduction on baseline. Emissions are attributed to electricity use in streetlights (38 per cent), gas and electricity use in council facilities (51 per cent), vehicle use (10 per cent) and organic waste sent to landfill (1 per cent).

### Council actions

- Installed solar energy systems on three buildings, including the St Kilda Town Hall
- Completed energy efficiency works, including lighting and insulation upgrades, improved controls for lighting, heating and cooling systems and installed a new chiller at St Kilda library
- Purchased 4,490 carbon offsets (National Carbon Offset Standard eligible)

### Looking forward

- Commence Energy Performance Contracting in 2017/18, which aims to reduce energy use in its largest buildings
- Continue investing in renewable energy and energy efficiency measures in Council buildings, including a solar energy system at South Melbourne Market
- Continue participating in a group purchasing model to drive investment in renewable energy

### Further information

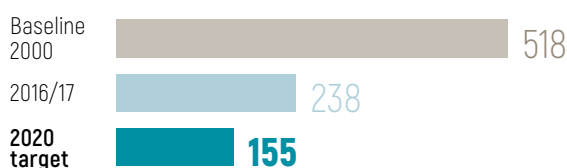
Greenhouse Plan - Low Carbon City (2011)

## Potable water use

### Our commitment

Minimise potable (drinking quality) water use to achieve and sustain a 70 per cent reduction in Council's potable water use by 2020 (based on 2000 levels of water use)

### Council potable water use (Megalitres)



Total Council potable water use was approximately 238 megalitres in 2016/17. Use was down approximately 7.5 per cent on the previous year. Park and open space irrigation made up approximately 118 megalitres of the total. The use of harvested stormwater from Elster Creek at Elwood Park helped reduce potable water consumption.

### Council actions

- Increased use of stormwater harvested from Elster Creek for irrigation of Elwood Park
- Leak detection and repairs of irrigation assets
- Submetering at South Melbourne Market to better understand where water is being used

### Looking forward

Council will employ strategies to manage demand as well as implement stormwater harvesting, including:

- undertaking integrated water management planning, including partnering with Melbourne Water and others to review and implement relevant plans
- collaborating with the Cooperative Research Centre for Water Sensitive Cities to identify integrated water management opportunities
- building stormwater harvesting systems for open space irrigation
- implementing irrigation upgrades to key sports fields and parks to optimise water use.

### Further information

Water Plan - Toward a Water Sensitive City (2010)

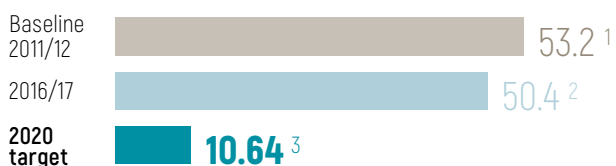
Foreshore and Hinterland Vegetation Management Plan

## Waste

### Our commitment

Minimise waste to achieve and sustain an 80 per cent reduction in council waste to landfill by 2020 (based on 1999 levels of waste)

### Council waste to landfill (Tonnes)



<sup>1</sup> 73 kg/FTE of waste to landfill

<sup>2</sup> 61 kg/FTE of waste to landfill

<sup>3</sup> 10 kg/FTE of waste to landfill

Council gathers data by conducting regular bin audits of Council facilities, and extrapolating data for the year. In 2016/17, the audit reported an average recycling rate across all Council sites at 43.2 per cent. This is an increased recycling rate by 14.4 per cent from the last audit in 2014. Food waste recycling and soft plastics have been introduced at a number of Council facilities which has assisted in the overall increase in recycling. Waste generated per full time equivalent (FTE) staff member has significantly decreased by 9.3 per cent.

### Council actions

- Introduced new role of the Project Director - Waste Futures, to develop a new Waste and Resource Recovery Plan, and drive waste innovation within Council
- Managed Council's worm farm system at St Kilda Town Hall, which processed 2.14 tonnes of organic waste throughout the year

### Looking forward

Council will complete the new Waste and Resource Recovery Strategy in 2018. This strategy will identify actions to reduce Council waste to landfill, including the management of organic waste.

## Contamination and pollution

### Our commitment

Maintain and increase the health and quality of our natural assets

Council reduces contamination and captures stormwater pollutants through installing Water Sensitive Urban Design (WSUD) systems, such as raingardens and stormwater harvesting.

Stormwater pollutants, such as sediment, nitrogen, pathogens and phosphorous, are naturally filtered through plants in these systems and captured before they impact the health of Port Phillip Bay.

Council's Water Plan sets targets for stormwater pollutant reduction and is delivered through an annual WSUD program.

The projects delivered in 2016/17 collected 4.2 tonnes of total suspended solids, bringing the cumulative annual reduction potential to 44.1 tonnes per year. This is slightly under the 2016/17 target of 47.2 tonnes.

### Council actions

- Designed and installed six raingardens in The Boulevard, Port Melbourne; Wright Street, Middle Park and Byrne Avenue, Elwood
- Worked with Parks Victoria, Melbourne Water and City of Melbourne on planning and feasibility for a stormwater harvesting scheme at Albert Park Lake

### Looking forward

- Design and implement stormwater harvesting projects throughout the City
- Continue to construct raingardens to reduce contaminants in water entering Port Phillip Bay
- Develop a Stormwater Asset Management Plan and continue to invest in drainage improvements
- Increase the permeability of ground surfaces across streets and public spaces

### Further information

Water Plan - Toward a Water Sensitive City (2010)

## Sustainable Transport

### Our commitment

Achieve a low emissions vehicle fleet

### Council fleet emissions (Tonnes CO<sub>2</sub>e)



This year's figure represents a 2.3 per cent increase on 2015/16 levels. The quantity of diesel purchased decreased by 2.4 per cent and the quantity of unleaded petrol purchased increased by 12.2 per cent. Increased emissions are attributable to an increase in street cleaning and increased staff use of fleet cars.

### Council actions

Council undertook a strategic assessment of the fleet policy to understand potential improvements in operational efficiency and fleet management.

### Looking forward

- Undertake a comprehensive review of Council's Fleet Policy to include enhanced travel choices and lower emission technology
- Implement a fleet management database to better manage and report on use of fleet vehicles
- Offset vehicle emissions to deliver a zero emissions vehicle fleet

### Further information

Sustainable Transport Strategy (2011)

## Sustainable urban design and development

### Our commitment

All council buildings and facilities have minimal environmental impacts

### Council actions

- Established sustainable design performance benchmarks for projects in the design phase, including South Melbourne Life Saving Club, South Melbourne Community Centre, Liardet Street Community Centre, Peanut Farm Pavilion and JL Murphy Pavilion
- Prescribed a high-green standard requirement for the Stokehouse redevelopment. The project has achieved a 5 star Green Star certification under a 'design and as-built' rating

### Looking forward

Council will continue to strongly support the inclusion of sustainable design criteria in new building projects and major refurbishments. This will be done by revising and improving Council's Sustainable Design Strategy to ensure the standards align with, and exceed, best practice standards.

### Further information

Sustainable Design Strategy (2013)

## Natural Heritage

### Our commitment

Maintain and enhance our natural heritage values, significant sites, and regional biodiversity and habitats (accepting that our environment does not end at our municipal boundaries)

### Council actions

- Planted over 1,110 trees in streets and parks
- Completed replanting of 61,000 plants at Moran Reserve and Elwood Park
- Removed dead, dying and hazardous vegetation from Point Ormond Reserve and Tea Tree Reserve, Elwood during the second year of the Foreshore and Hinterland Vegetation Management Plan
- Planted indigenous trees on Turner Reserve Port Melbourne, Elwood Canal and Head Street Reserve
- Increased indigenous vegetated areas by 2,500 m<sup>3</sup>

### Looking forward

- Continue to increase tree canopy cover based on canopy mapping
- Increase the number of trees in streets and parks
- Reduce impermeable surfaces through tree plots and garden beds
- Continue to implement the Foreshore and Hinterland Vegetation Management Plan priorities to improve biodiversity, plant quality and shade
- Complete an ecological biodiversity study, in partnership with the EcoCentre and local experts
- Become a Regional Catchment Strategy Partner with the Port Phillip and Western Port Catchment Management Authority

### Further information

Greening Port Phillip 2010-2015

Foreshore and Hinterland Vegetation Management Plan

## Purchasing and Procurement

### Our commitment

Purchase goods and services that have low environmental impact

In 2016/17, 1.5 per cent of Council's purchases were recorded as sustainable. There are challenges in tracking the procurement of goods and services that have a positive environmental impact. Council is in the process of reviewing its approach to tracking this information in order to gather more robust and accurate data.

### Council actions

- Reviewed Procurement Policy to provide increased guidance and support for sustainable purchases and engaged sustainable procurement consultants to support the organisation to embed sustainability into procurement processes
- Reviewed Investment Policy and Guidelines to prefer financial institutions that do not directly or indirectly support fossil fuel companies and limit investments in these institutions to the minimum required
- As part of a consortium, won a grant to test the feasibility of the 'CO<sub>2</sub> Procurement Ladder'. This is designed to leverage government's purchasing power to encourage suppliers of goods and services to reduce their CO<sub>2</sub> emissions

### Looking forward

Embed sustainability into Council's procurement, fleet and investment policies and practices through:

- considering sustainability in the design of specifications for all tenders over \$1 million
- requiring tenderers to include a Corporate Social Responsibility statement for tenders over \$1 million
- using external sustainable procurement specialists to improve sustainable purchasing outcomes
- enhanced reporting on procurement performance and compliance.



## Climate Change

### Our commitment

#### Preventing further climate change and actively reducing regional greenhouse gas emissions

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

### Council actions

- Completed Bay Blueprint 2070, a guide to exploring regional coastal adaptation opportunities for Port Phillip Bay in response to climate change
- Continued involvement with the South East Council's Climate Change Alliance and Inner Melbourne Climate Adaptation Network and actively engaged in climate change themed events throughout the year
- Successfully advocated to Melbourne Water to establish the Elster Creek CEO forum, to progress flood mitigation action across the Elster Creek Catchment

### Looking forward

- Continue to advocate to the Victorian Government and stakeholders for a Coastal Hazard Vulnerability Assessment
- Progress the partnership agreement with Victoria Government to formalise ongoing collaborative relationship on climate change
- Continue to collaborate with other councils and researchers to identify appropriate adaptation pathways to protect Council's coastal infrastructure, parks and buildings
- Develop a heat management plan to help 'cool the City'

### Further information

Climate Adaptation Plan - Climate Adept City (2010)

# Toward Zero community targets

**Council commenced the development of the Toward Zero Community Action Plan (now named the Sustainable City Community Action Plan), which will include an increased range of initiatives to support the community to take action on sustainability challenges from 2017/18 onwards.**

We collected data on community energy, waste and water usage which will be used to more accurately measure and report on community actions in future years commenced.

We supported 15 community and private Early Years Services to reduce water use and emissions and waste generation.

In May we partnered with the cities of Melbourne and Stonnington to deliver the 'High Life Expo', engaging and empowering apartment dwellers and owners to improve sustainability in their buildings.

Council invested \$237,000 to support the Port Phillip EcoCentre to deliver projects and programs that address a range of Toward Zero goals.

## Greenhouse gas emissions

Council provided an information and advice service to the community that supported 103 residents and businesses to reduce their energy consumption. Council also delivered a solar panel and battery technology information night attended by 50 residents.

## Water, contamination and pollution

Council developed a 'how-to' design guide for stormwater management in new developments. This will help the community to improve stormwater quality, and to capture and reuse water within their property.

In February Council provided a response to the Victorian Government's draft Port Phillip Bay Environmental Management Plan. Council strongly supports the development of an evidence based regional plan for the Bay.

## Climate change

We advocated to the City of Bayside to include flood mitigation and reduce pollution of the Elster Creek catchment as part of the Elsterwick Park North redevelopment. We will continue to strengthen the relationship with our neighbouring council and identify further opportunities to collaborate.

We partnered with CLIMARTE to deliver a program of public art aimed at exploring our perceptions of what it is to be living during a time of significant changes to our environment. The artist team, Cave Urban created a bamboo, light and sound installation called Regenesi in Acland Plaza.

Council facilitated an architecture and urban design exhibition, 'Swamped', which focused on the impact of climate change and urbanisation on the Elster Creek catchment. The exhibition explored possible futures for Elwood as sea levels rise, and storm surges and drought threaten to become more common.

## Net loss of natural heritage

Council worked with community members to plant 25,000 indigenous plants across the City. Council continued its partnership with the St Kilda Indigenous Nursery Cooperative to encourage residents to plant local indigenous species.

## Waste

Council updated its auditing practices for measuring community waste. This no longer includes waste dropped off at the transfer station. In 2016/17, kerbside bin waste diverted from landfill averaged 33 per cent. This compares to 32 per cent in 2015/16.

Council also worked closely with waste collection contractors to improve recycling of hard waste. Seventy per cent of hard rubbish is now recycled compared to the state average of nine per cent.

To address the issue of recyclables being incorrectly placed in landfill bins, Council updated the recycling information guide and distributed this to all residents. A new waste information pack was also developed for owners corporations and building managers.

Council ran three waste education events focusing on food waste, with a combined attendance of 231, and provided advice and support to a further 133 community members about waste, worms and composting. Advocacy activities included joining Zoos Victoria's campaign to avoid the use of balloons and calling on the Victorian Government to take action on plastic bags.

Council introduced a range of initiatives at South Melbourne Market to reduce waste to landfill from its stalls, including a worm farm, a new machine to recycle polystyrene, installation of water fountains and a GaiaRecycle machine, which converts food waste into fertiliser and water.

## Sustainable urban design and development

In 2016/17, 75 per cent of eligible planning applications were assessed against Council's sustainable design requirements.

Council started tracking the impact of the Local Planning Policy (Environmentally Sustainable Development). This data, and data from other councils, is being reviewed by the Victorian Government with the potential for a future state-wide policy.

We contributed to the Victorian Government's Better Apartments initiative, which provides for a state-wide standard to improve the liveability and sustainability of apartment living. These new standards have been incorporated into Council's planning scheme.

We also developed and distributed a fact sheet entitled 'Innovative Sustainable Design for Large-Scale Developments' to promote sustainable design to developers.

After receiving grant funding from Melbourne Water, Council commissioned a review of the impact of key local planning policy aimed at improving stormwater management in new developments.

## Sustainable transport

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

- improved thirteen intersections across the City and improved public lighting along the Port Melbourne light rail shared path
- reduced speed limits from 50 km per hour to 40 km per hour on local roads in four new areas and from 60 km per hour to 50 km per hour on two major roads
- installed two kilometres of buffered on-road bike lanes, along with 31 new bike hoops
- endorsed a new Car Share Policy in July 2016 and installed 45 new on-street car share bays
- partnered with Public Transport Victoria and Yarra Trams to deliver combined accessible tram terminus, streetscape upgrade, wider footpaths and new pedestrian plaza on Acland Street
- supported nine primary schools to take part in Walk to School month, and 13 schools to participate in Ride2School Day.

## Sustainability in Fishermans Bend

Council supports the Victorian Government's commitment to achieving a 'Green Star - Communities' rating for Fishermans Bend. In May, Council provided feedback on the Fishermans Bend Draft Framework Plan including proposed planning controls. We continue to advocate for innovative best-practice solutions to support delivery of the Fishermans Bend Vision of a 'thriving place that is a leading example for environmental sustainability, liveability, connectivity, diversity and innovation'.



# Challenges

**When it was developed the Toward Zero Strategy was conceived as an aspirational strategy. Annual results and successes indicate that while Council has made progress in the achievement of some adopted targets it has had less success in advancing others - in particular community targets, where Council's ability to influence is limited and efforts have been focussed largely on engagement programs and advocacy.**

A strategic review undertaken in 2017 identified that:

- Toward Zero targets were set in 2007 at a time when local government was less experienced in the development of environmental strategies
- minimal data was available when the targets were set leading to targets that were aspirational with unclear outcome trajectories
- a detailed, costed long term plan outlining initiatives required to achieve 2020 targets was not prepared.

In developing its Council Plan 2017-27 Council has reaffirmed its strong commitment to sustainability and has prioritised the development of a more informed strategy that will deliver smart solutions for a sustainable city.

During 2017/18, officers will continue progressing initiatives that contribute to meeting the targets outlined in Toward Zero, while also contributing to the creation of a new strategy due for completion in June 2018.

# 6

## Working for our Community

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# Working with Council

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

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

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

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

# Our organisational structure

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

## Organisational structure (as at 30 June 2017)



# Leading the way

## Office of the CEO

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



**Peter Smith**

### Chief Executive Officer

Peter Smith commenced in May 2017 as the CEO. Peter has over 30 years' experience working in CEO and senior executive roles in federal, state and municipal governments in Australia. He has particular experience in leading major urban renewal programs and developing and implementing a range of successful place making, affordable housing, community development, homelessness and social justice strategies, services and programs. Peter is passionate about community engagement and building community capacity through co-creation with governments and focuses on providing better value for customers and recipients of government services.

Peter holds a Bachelor of Science with postgraduate qualifications in Human Resource Management (Graduate Diploma) and Master of Business Administration.



**Tracey Slatter**

### Chief Executive Officer

(May 2013 - December 2016)

Tracey Slatter held the role of the CEO from May 2013 to December 2016. She has extensive leadership experience in the health, community, state and local government sectors. Tracey holds postgraduate qualifications in Business Leadership and a Master of Commerce, is a Fellow of the Institute of Public Administration and a graduate of the Australian Institute of Company Directors.



## Place Strategy and Development

The Place Strategy and Development division seeks to enhance the liveability and sustainability of our places and precincts in an environment of growth and change. This division is responsible for leading the transformational Council Plan themes of transport and parking, waste and Fishermans Bend, with an ambitious agenda for statutory planning service reform as we strive for customer service excellence.



### Claire Ferres Miles

#### General Manager

Claire joined the City of Port Phillip in April 2014. She has a passion and vision for planning and designing great cities of the future. Claire is a talented, driven and engaging executive, highly regarded for her collaborative leadership and innovative partnerships. These partnerships have led to breakthroughs in government policy to design beautiful places for people that are inclusive, prosperous and healthy. From delivering a high volume and complex operational portfolio, Claire has demonstrated experience in high performance and service reform, with a strong commitment to leading a safe, equitable and fun workplace.

Claire holds a Bachelor of Planning and Design with majors in Landscape Architecture, Urban Design and Town Planning and a Master of Transport and Master of Traffic. She is a graduate of the Australian Institute of Company Directors.

## Infrastructure and Amenity

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



### Fiona Blair

#### General Manager

Fiona has delivered outstanding results in her work across the local government, education and service sectors. She has a long affiliation with our City through a number of leadership roles at the City of Port Phillip in youth, recreation, open space, property services and infrastructure.

Fiona has delivered high quality services, strategy development, relationship leadership and collaboration. Her approach has resulted in service improvements and staff development.

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

## Community Development

The Community Development division is responsible for delivering high quality community, economic development, cultural and creative services.

The Community Development staff are proud leaders of social justice and creative endeavour and strive for highest value and quality for our community today and for future generations. We boldly enable and promote inclusion, participation, connection, respect and access.



**Carol Jeffs**

### General Manager

Carol Jeffs joined the City of Port Phillip in February 2014 as the General Manager of the Community Development division and held the position of Interim Chief Executive Officer from December 2016 to May 2017.

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

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

## Organisational Performance

The Organisational Performance division is responsible for enabling an innovative, high performing and safe organisation. This division provides business technology, financial, asset management, human resource, OHS, risk, project management, and related leadership and support to the organisation. Organisational Performance is also responsible for leading organisational planning, reporting and capability development as well as ensuring the financial sustainability of Council.



**Chris Carroll**

### General Manager

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

Chris holds a Master of Public Policy and Management and a Master of Business Administration, is a member of the Australian Institute of Company Directors, and has extensive experience in organisational strategy and performance management, asset management, change leadership, and business transformation and improvement.

# Our people

A multitude of services are delivered in our community by the 1,035 people employed at the Port Phillip City Council.

## Staff profile (by banding)

	Full time equivalent									Total
	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other	
<b>Permanent full time</b>										
Female	-	4.00	28.00	31.63	59.90	56.00	44.60	19.93	29.70	273.76
Male	1.00	13.00	14.00	25.00	22.00	44.00	43.00	32.00	49.00	243.00
<b>Permanent part time</b>										
Female	1.88	16.98	19.21	23.60	27.45	26.38	11.34	9.47	5.35	141.66
Male	5.21	5.53	5.09	10.30	2.86	6.29	2.50	0.93	2.92	41.63
<b>Casual</b>										
Female	-	0.39	2.48	2.43	0.24	0.06	-	0.03	0.45	6.08
Male	0.03	0.03	0.30	1.33	0.06	0.09	0.03	-	-	1.87
<b>Total</b>	<b>8.12</b>	<b>39.93</b>	<b>69.08</b>	<b>94.29</b>	<b>112.51</b>	<b>132.82</b>	<b>101.47</b>	<b>62.36</b>	<b>87.42</b>	<b>708</b>

Note - Temporary staff total of 90.38 full time equivalent not included in table above.

## Staff profile (by division)

	Full time equivalent					Total
	Office of the CEO	Infrastructure and Amenity	Organisational Performance	Community Development	Place Strategy and Development	
<b>Permanent full time</b>						
Female	14.00	35.93	59.13	130.70	34.00	273.76
Male	6.00	126.00	55.00	24.00	32.00	243.00
<b>Permanent part time</b>						
Female	4.80	14.18	19.24	91.82	11.62	141.66
Male	1.50	7.34	7.12	22.44	3.23	41.63
<b>Casual</b>						
Female	-	0.36	1.21	4.51	-	6.08
Male	-	0.06	1.30	0.45	0.06	1.87
<b>Total</b>	<b>26.30</b>	<b>183.87</b>	<b>143.00</b>	<b>273.92</b>	<b>80.91</b>	<b>708</b>

Note - Temporary staff equivalent to 90.38 full time equivalent not included in table above.

## People and Culture Strategy

We aspire to be a high performing, future ready organisation, regarded as a progressive leader in local government delivering best value outcomes for our growing community.

There are six goals with associated actions that are key to achieving our aspiration:

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

Initiatives and targets have been developed for each action area and these are reported on regularly.

## City of Port Phillip Enterprise Agreement

We continue to value and recognise the efforts of our employees while applying a financially responsible approach in the context of the rate capping.

Following extensive negotiations between Port Phillip City Council representatives, the three major unions, local union delegates and independent employee representatives, in-principle agreement was reached on a new Enterprise Agreement for employees in early 2017.

This Agreement was put to a vote of all staff, with an overwhelming majority of employees voting 'yes' to support it.

The City of Port Phillip Enterprise Agreement 2016-2019 was approved by the Fair Work Commission and came into effect on 5 May.

The Agreement provides our employees with fair and financially sustainable wage increases, while enabling the Council to continue delivering quality services and projects in the community. The outcome of these negotiations benchmark favourably in the context of recent outcomes across metropolitan councils and state government departments and agencies, and demonstrate a commitment to prudent financial management.

## Learn. Develop. Grow.

Investing in our people capability is a priority. Through the Organisational Development Calendar in 2016/17 we offered 46 programs that were attended by 702 staff members.

Study assistance is available to staff undertaking accredited courses related to their current work or local government careers.

In 2016/17, 15 staff members participated in this program, using 320 hours of study leave.

## Leadership Development Program

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

- Executive Leadership Team development
- Australian Institute of Company Directors
- Senior Leadership Team development
- Coordinator 'Cultivating Your Leadership' program
- Individual coaching for senior staff
- Leader as Coach program
- 360 degree feedback for all level four leaders and above, using the Life Styles Inventory™, a questionnaire based tool designed to provide feedback about an individual's thinking and behaviour in a way that promotes constructive change. Total of 83 individual debriefs were conducted by five accredited Internal LSI Practitioners
- Local Government Managers Australia Australasian Management Challenge
- Peer reviews for managers and coordinators
- LGPro professional development programs including the Emerging Leaders Program, the Executive Leadership Program, Ignite Leadership Program for Outdoor Workers.

## People management capabilities

We continue offering a suite of human resource (HR) focused training programs, developed and delivered to our organisation by the Culture and Capability department. The programs cover recruitment, performance management, flexibility, grievances and career progression. In 2016/17, 68 staff members completed the eLearning recruitment and selection module, while 53 staff members completed the suite of masterclasses in recruitment and HR Management.

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

We place a high priority on the change management capability of our leaders. Change management continues to be a major focus in the professional development of our leaders. In addition, there has been a significant investment in the development of change management frameworks and tools to guide and assist managers in leading and responding to change.

This capability has been strengthened by introducing a new human resources business partnering model. We established a team of dedicated HR Advisor/Business Partners, with one advisor allocated to each division. The roles coach and provide advice to leaders on the implementation and management of change.

## Equal Opportunity

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

Our equal employment opportunity policy, Respect for Others, supports our vibrant and diverse work environment, where our people can develop professionally and personally, free from harassment, discrimination and bullying.

Our values of working together, courage and integrity, creative and strategic thinking, personal growth and performance, and accountability support a culture of respect for each other in all aspects of employment, training and service.

This year, 185 participants attended 11 equal opportunity education sessions.



## Health and wellbeing

Our Enjoying Life Program includes a range of activities, events, seminars and information to support our staff to get the most out of life. We continue to develop and facilitate a range of programs, with themes including fitness and healthy eating. We are committed to supporting the wellbeing of employees to support a productive and healthy workforce.

## Community focus

We encourage and support staff to contribute to the community outside the realm of their roles.

Initiatives included:

- Give as You Earn donations to charity of choice via payroll deduction
- blood donation drives with over 56 individual staff donations made
- raising funds for the Cancer Council by participating the Biggest Morning Tea
- supporting Refugee Week by holding a staff morning tea to raise funds
- participating in the Literacy Buddies program with Ardoch Youth Foundation and St Kilda Primary School
- contributing 86 Secret Santa gifts and raised over \$1,500 for children and families supported by Council's Family Services unit
- collecting 30 handbags full of useful and luxurious items for Launch Housing St Kilda
- providing four shopping bags full of toiletries for St Kilda Mums Mother's Day appeal.

## Employee Assistance Program

Our Employee Assistance Program helps staff meet the challenges and demands of their personal and work lives. This professional and confidential service provides employees and their immediate families with short term support for a variety of work-related and personal issues. During the year, 109 people used 218 hours of the service, to support their ongoing health and wellbeing.





Council invested in improvements to street and beach cleaning.

» read more on page 98

photo Chris Cassar



# Health and safety

We are committed to fulfilling our obligations under the **Occupational Health and Safety Act 2004** to provide a safe and healthy work environment for employees, contractors and visitors.

This extends to ensuring operations undertaken by Council do not place the community at undue risk of injury or illness. We are continuously improving our management of occupational health and safety.

## Highlights

### Self Insurance

We confirmed our commitment to participate in the Municipal Association of Victoria Self-Insurance for Workers Compensation Program.

### Aligning practice to system

We undertook a series of corrective actions to align our Occupational Health and Safety Management System to the requirements of a self-insurer.

We also initiated a Project Control Group to ensure delivery of an Occupational Health and Safety Information System and support for other safety initiatives.

### Conducted audits and registers

We undertook a comprehensive legal compliance audit program and developed hazard registers and hazard management action plans for our accommodated sites

### Improving consultative forums

We increased the number of Health and Safety Representatives from 12 to 65 with a comparable increase in our Management Representatives from three to 13.

We regularly monitor health and safety data to identify improvements and corrective actions.

## Recordable injuries per million work hours

2014/15

22.22

2015/16

19.43

2016/17

15.73

# 7

## Statutory statements

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## Freedom of Information Act

The **Freedom of Information Act 1982** provides every person with the right to request access to documents held by Council. The Act requires Council to publish certain details about itself and its functions; it enables individuals to correct their personal information held by Council; and it has built-in rights of appeal against decisions made under the Act. The City of Port Phillip vigorously supports the objectives of this Act.

Requests for access to Council documents under the **Freedom of Information Act 1982** must be in writing and must provide sufficient information to identify the particular document(s) being sought. In 2016/2017 the application fee for a request was \$27.90.

- » More information on Freedom of Information, including a request form, is available on our website

Principal Officer: Peter Smith, CEO

### Details of Freedom of Information (FOI) requests

Total number of FOI requests received	62
Total number of valid requests (incl. four requests received in the previous financial year still under consideration)	47
Number of requests where access was granted in full	2
Number of requests where access was granted in part	35
Number of requests where access was denied in full	0
Number of requests where no documentation was found	2
Number of requests not proceeded with	0
Number of valid requests still under consideration at 30 June 2017	8
Number of appeals lodged with the FOI Commissioner	3
Total application fees collected	\$920.25
Total application fees waived	\$139.50



## Protected Disclosure Act

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

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

- » More information on Protected Disclosures, including procedures for making a disclosure under the Act, is available on our website

There were no disclosures notified to the Independent Broad-based Anti-corruption Commission under Section 21(2) of the Act during the 2016/17 financial year.

## Privacy and Data Protection Act

The City of Port Phillip is committed to full compliance with our obligations under the **Privacy and Data Protection Act 2014**.

Our Information Privacy Policy (including Guidelines and Procedures) is available at Council offices and on our website.

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

- » More information on Privacy Policy is available on our website

## Contracts

During the year Council had one instance whereby it engaged a contractor with the cumulative value in excess of \$150,000 including GST without first conducting a competitive tendering process. Between September 2015 and January 2017, Council's planning department utilised the services of a contractor whose contract with Council had expired. During this time, expenditure exceeded \$150,000, which is above the threshold set out in Section 186 of the **Local Government Act 1989** for requiring a competitive process. Council terminated the contract in January 2017. An investigation has determined that this is an isolated case, however to mitigate the risk of similar breaches occurring in the future Council is updating its procurement policy and staff training and has introduced a monthly report that ensures the executive team has oversight of any instances of expenditure approaching expenditure limits.

## Domestic Animal Management Plan

Under the **Domestic Animals Act 1994**, Council is required to undertake a four year review of our Domestic Animal Management Plan. This review was originally scheduled for 2016, however the timeframe was not aligned with Victorian local government elections and was moved to November 2017.

### Implementation and outcomes of the 2012-16 current plan have been achieved. During the year we:

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

### Our focus next year will be:

- development and public consultation on the Domestic Animal Management Plan 2017-21
- a city wide audit of all pet registrations
- education programs that address ongoing behavioural issues impacting on animals and introduce strategies to reduce the risk of dog attacks
- increasing roving patrols in all areas to ensure stricter compliance throughout the City parklands, public places and foreshore areas
- improving signage relating to off leash areas
- examining opportunities for multipoint locations where cats and dogs can be easily registered
- introducing electronic notification (SMS system) of important messages for owners of cats and dogs.

## Carers Recognition Act

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

In 2016/17 Council did a number of activities that align with the **Carers Recognition Act 2012**.

A selection of our activities are outlined below:

- The Commonwealth Home Support Program delivered 783.5 respite hours for recipients aged 65 years and over or 50 years and over for people from Aboriginal and Torres Strait Islander (ATSI) background. This enabled their carers to have respite from their caring role.
- The Home and Community Care program delivered 5,594.5 respite hours for recipients under the age of 65 years or under 50 years for recipients of ATSI background. This enabled their carers to have respite from their caring role.
- The Social Inclusion service ran a Carers Outings Group for people caring for loved ones. Ten sessions were conducted benefiting eight carers and delivering 78 hours of respite. The program provided an opportunity for carers to share information and meet with other people in carer roles.
- The Social Inclusion service also provided a weekly social support program, 'Tuesday Activity Group', for recipients with dementia. The program delivered 1,422 respite hours for 11 carers.
- The Joint Councils Access for All Abilities service provided 9,765 hours of respite care for carers of people with disability. Activities included arts, sport, recreation and school holiday programs.
- Council officers maintained relationships with regional respite services through participating in the Respite South Network facilitated by Alfred Care Services. The network enables Council to keep up to date with current trends and gain knowledge to help plan respite options available to carers.

# Disability Act

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

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

There were 60 initiatives progressed including:

## Employment and training

- All ASSIST customer service staff undertook online disability awareness training to enhance their service to people with disabilities.
- Reaccredited with the Communication Access Symbol at all ASSIST service counters in the use of communication boards. These boards use pictures as an alternative way to interact with people who have communication challenges.
- Staff participated in a disability awareness workshop on International Day of People with Disability in December.
- It is mandatory for all staff updating website content on Council's website to complete online accessibility training.
- The Place Strategy and Development division engaged Disability Sports and Recreation and Blind Sports Victoria to host an event where staff experienced an afternoon of disability awareness training playing wheelchair basketball and blind soccer.

## Information, communication and engagement

- We delivered an accessible and inclusive communication and engagement Council Plan 2017-27 consultation process. This included video captioning to ensure people with disabilities were able to participate fully.
- Accessible business information is available on the Port Phillip Business website to provide disability awareness for local businesses.

## Policy and planning

- Several capital works upgrade policies and plans incorporated advice on ways to increase access to facilities. These included Liardet Street Community Centre, South Melbourne Community Centre and the Asset Management Framework.

## Culture and community

- The St Kilda Festival DDA Plan was updated to reflect best practice improvements.
- Council's performance based arts project for adults with an intellectual disability 'FOG Theatre' celebrated its 25th anniversary with a performance on the eve of the 2016 International Day of People with Disability.
- Council signed up to a pilot program called Bandmates Victoria, that matches people with disability and/or mental health issues and volunteers to see live music events together.

## Infrastructure

- The Palais Theatre refurbishment included a range of compliance upgrades including installation of a lift to provide access to the upper level, additional seating for people with mobility impairments and accessible toilet facilities on the ground floor.
- A review of accessible parking bays identified 41 bays for upgrade.
- Access audits were introduced into the development of annual building renewal and building compliance programs.
- Gasworks Arts Park Theatre upgrades included compliant ramps to the theatre, improved access and circulation throughout the building and improved bathroom facilities with compliant toilets.

## Sports, recreation and open spaces

- Installed all abilities fitness stations at Cooks Reserve, Port Melbourne and Kings Way (Bowen Crescent) Reserve, Melbourne.
  - A Changing Places facility was included in the redevelopment of the St Kilda Life Saving Club.
  - Installed accessible ramps and compliant picnic tables at Olives Corner, Centenary Reserve and Williams Street.
- » More information on Access Plan 2013 - 2018 is available on our website

## Best Value Report

**We are committed to continuously improving our services and providing value for money to our residents. This commitment is in compliance with the Local Government Act 1989.**

In 2016/17, we continued to carry out a multifaceted approach to deliver best value to our community.

We built staff capability in continuous improvement skills and increased the number of staff who have been introduced to continuous improvement to approximately 350 staff.

We also ran the third instalment of our Continuous Improvement practitioner training for an additional 20 staff. This brings the total number of practitioners in the organisation who are trained in delivering measurable benefits through improvement activities to 60.

By improving community facing processes we saved the community approximately over 72,000 days of waiting for Council services, or 16 hours for every Port Phillip resident.

Three initiatives that contributed to this result were:

- issuing renewed parking permits on the spot - saving 47,000 days waiting
- reducing time parking spots are available to work zones - saving 7,650 days waiting
- redesigned email parking permit renewal notices - saving 4,800 days waiting.

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

We delivered \$1.3 million in permanent ongoing efficiency savings. Savings were achieved through the continuous improvement program, identifying insurance premium savings, optimising the use of permanent and agency staff for ASSIST, renegotiating cleaning contract services at South Melbourne Market and paperless planning.

At the same time we reduced staff time on tasks by 4,430 hours through the implementation of digital solutions, improved automation and centralisation. This freed up time that was redirected to high priority tasks.

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

Examples of the projects delivered include:

- digitising planning applications
- online councillor hub for new Council
- process management software to improve use and governance of our processes.

We also continued our rolling program of service reviews to ensure continuous improvement in the provision of our services, and seek to ensure that our services are equivalent to the best on offer within our region. This year we reviewed our children, and disability and aged care services.

### The Local Government Act 1989 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.

## Public documents

**A number of documents are available for public inspection. The majority of our information is available online on our Documents available for Public Inspection webpage.**

### Documents available for public inspection

- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by councillors or any Council officers in the previous 12 months, including the names of the councillors or Council officers and the date, destination, purpose and total cost of the overseas or interstate travel.
  - Agendas for, and minutes of, Ordinary and Special Council meetings held in the previous 12 months, except if the minutes relate to parts of meetings that have been closed to members of the public under Section 89 of the **Local Government Act 1989**.
  - Minutes of meetings of Special Committees established under Section 86 of the **Local Government Act 1989** and held in the previous 12 months, except if the minutes relate to parts of meetings that have been closed to members of the public under Section 89 of the Act.
    - Statutory Planning Committee
    - Inner Melbourne Action Plan (IMAP) Committee
    - South Melbourne Market Management Committee
    - Council Neighbourhood Programs Committee.
  - A register of delegations kept under sections 87(1) and 98(4) of the **Local Government Act 1989**, including the date on which the last review, under sections 86(6) and 98(6) of the Act, took place.
- A register containing details of all leases involving land that were entered into by Council as lessor, and including the lessee, the terms and the value of the lease.
  - A register that shows the names of all people appointed by Council to be authorised officers under Section 224(1A) of the **Local Government Act 1989**.
  - A list of donations and grants made by Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

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



## Governance and management checklist

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

Governance and management items	Assessment
<p><b>Community engagement policy</b></p> <p>Outlines Council's commitment to engaging with the community on matters of public interest</p>	<p>No Policy </p> <p>Our commitment to community engagement is outlined in the Council Plan 2017-27. Our Community Engagement Framework provides an overarching internal road map towards building organisational capability and capacity to support community engagement, and is supported by an internal engagement toolkit to guide officers in community engagement planning and delivery.</p>
<p><b>Community engagement guidelines</b></p> <p>Assists staff to determine when and how to engage with the community</p>	<p>Guidelines (online toolkit) </p> <p>Date of operation of current guidelines: 20 March 2012</p>
<p><b>Strategic Resource Plan</b></p> <p>Plan under Section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years</p>	<p>Adopted in accordance with Section 126 of the Act </p> <p>Date of adoption: 21 June 2017 as part of the Integrated Council Plan 2017-27</p>
<p><b>Annual Budget</b></p> <p>Plan under Section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months, and the funding and other resources required</p>	<p>Adopted in accordance with Section 130 of the Act </p> <p>Date of adoption: 21 June 2017 as part of the Integrated Council Plan 2017-27</p>
<p><b>Asset Management plans</b></p> <p>Sets out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years</p>	<p>Plans </p> <p>Date of operation: 26 June 2017</p>
<p><b>Rating Strategy</b></p> <p>Sets out the rating structure of Council to levy rates and charges</p>	<p>Strategy </p> <p>Date of adoption: 23 June 2015</p>
<p><b>Risk Policy</b></p> <p>Outlines Council's commitment and approach to minimising the risks to Council's operations</p>	<p>Policy </p> <p>Date of operation of current policy: 7 June 2017</p>
<p><b>Fraud Policy</b></p> <p>Outlines Council's commitment and approach to minimising the risk of fraud</p>	<p>Policy </p> <p>Date of operation of current policy: 1 June 2015</p>

Governance and management items	Assessment
<p><b>Municipal Emergency Management Plan</b></p> <p>Plan under Section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery</p>	<p>Prepared and maintained in accordance with Section 20 of the Emergency Management Act 1986 ✓</p> <p>Date of preparation: 23 May 2016</p> <p>There has been a review and amendments to:</p> <ul style="list-style-type: none"> <li>• sub-plan 6 Municipal Emergency Coordination Centre (MECC) Operating Procedures Guide</li> <li>• sub-plan 7 Municipal Operations Centre (MOC) Operating Procedures Guide</li> </ul>
<p><b>Procurement Policy</b></p> <p>Policy under Section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to purchases of all goods, services and works</p>	<p>Prepared and approved in accordance with Section 186A of the Local Government Act 1989 ✓</p> <p>Date of adoption: 21 June 2017</p>
<p><b>Business Continuity Plan</b></p> <p>Sets out the actions that will be taken to ensure that key services continue to operate in the event of a disaster</p>	<p>Plan ✓</p> <p>Date of operation of current plan: 5 March 2014</p>
<p><b>Risk Management Framework</b></p> <p>Outlines Council's approach to managing risks to Council's operations</p>	<p>Framework ✓</p> <p>Date of operation of current framework: 7 June 2017</p>
<p><b>Audit Committee</b></p> <p>Advisory committee of Council under Section 139 of the Act whose role is to oversee the integrity of Council's financial reporting, processes to manage risks to Council's operations and compliance with applicable legal, ethical, and regulatory requirements</p>	<p>Established in accordance with Section 139 of the Act ✓</p> <p>Date of establishment: 19 December 1995</p> <p>The Charter is reviewed each year. The date of the most recent review is 13 September 2016</p>
<p><b>Internal audit</b></p> <p>Independent accounting professionals engaged by Council to provide analysis and recommendations aimed at improving Council's governance, risk and management controls</p>	<p>Engaged ✓</p> <p>Date of engagement of current provider: 12 August 2015</p>
<p><b>Performance Reporting Framework</b></p> <p>Indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 131 of the Act</p>	<p>Framework ✓</p> <p>Date of operation of current framework: 21 June 2017</p>
<p><b>Council Plan reporting</b></p> <p>Reviews the performance of Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year</p>	<p>Reports ✓</p> <p>Date reports presented: 15 November 2016, 15 February 2017, 3 May 2017, 2 August 2017</p>

Governance and management items	Assessment
<b>Financial reporting</b>	Statements presented to Council in accordance with Section 138(1) of the Act <input checked="" type="checkbox"/>
Quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure	Dates statements presented: 15 November 2016, 15 February 2017, 3 May 2017, 6 September 2017
<b>Risk reporting</b>	Reports <input checked="" type="checkbox"/>
Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring, and risk minimisation strategies	Date of reports: 19 October 2016, 16 February 2017, 20 April 2017, 22 May 2017
<b>Performance reporting</b>	Reports <input checked="" type="checkbox"/>
Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in Section 131 of the Act	Date of reports: 18 January 2017, 24 July 2017
<b>Annual Report</b>	Considered at an Ordinary meeting of Council in accordance with Section 134 of the Act <input checked="" type="checkbox"/>
Annual Report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements	Date of consideration: 4 October 2016
<b>Councillor Code of Conduct</b>	Reviewed in accordance with Section 76C of the Act <input checked="" type="checkbox"/>
Code under Section 76C of the Act setting out the conduct principles and dispute resolution processes to be followed by Councillors	Date reviewed: 15 February 2017
<b>Delegations</b>	Reviewed in accordance with Section 98(6) of the Act <input checked="" type="checkbox"/>
Sets out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff	Date reviewed: Council delegations to CEO: 25 June 2013 Council delegations to staff: 9 February 2016 CEO delegations to staff: 22 April 2016
<b>Meeting procedures</b>	Meeting procedures local law made in accordance with Section 91(1) of the Act <input checked="" type="checkbox"/>
Local law governing the conduct of meetings of Council and special committees	Date local law made: 14 December 2009

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



**Councillor Bernadene Voss**

Mayor  
City of Port Phillip  
8 September 2017  
St Kilda



**Peter Smith**

Chief Executive Officer  
8 September 2017  
St Kilda

# 8

## Financial report

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## Understanding the financial report

### This report includes a General Purpose Financial Report and a Performance Statement for the Port Phillip City Council for the year ended 30 June 2017.

The report highlights Council's financial performance and overall position at the close of the 2016/17 financial year (30 June 2017) and is presented in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

This has been prepared to assist readers' understanding of the financial report and to provide a summary of the circumstances and issues that have had a significant impact on information contained within those documents.

The Council is a 'not for profit' organisation and a number of the generally recognised terms used in public company reports are not appropriate for the Council.

As part of its commitment to accountability, the Council has developed this report to assist readers with their understanding of the Council's financial information. A glossary has been included to further assist readers in understanding the financial report.

### What is contained in the Annual Financial Report?

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

There are five financial statements and thirty seven notes.

The five financial statements are the:

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

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

The Financial Report is prepared by Council staff, reviewed by the Chief Financial Officer, reviewed by the Council's Audit and Risk Committee and then presented to the Auditor-General for audit.

### Comprehensive Income Statement

The Comprehensive Income Statement is sometimes referred to as a 'Profit and Loss Statement' and presents:

- The sources of the Council's **Income** under various income headings
- The **Expenses** incurred in running the Council during the year
- The **Other Comprehensive Income** which typically includes non-cash items such as revaluation adjustments.

The key figure to look at is the surplus or (deficit) of the Council for the year. This reflects the Council's financial performance. The comprehensive surplus or (deficit) is equal to the movement in Council's net assets or total equity from the prior year. A positive result (no brackets) means that the revenue for the year is greater than the year's expenses.

## Balance Sheet

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

The assets and liabilities are separated into Current and Non-Current. Current assets are realisable or convertible to cash within the next 12 months, while current liabilities are those which the Council must pay or settle within the next 12 months.

The components of the Balance Sheet are described here.

### Current and Non-Current Assets

- **Cash and Cash Equivalents** includes cash and investments i.e. cash on hand, cash held in the bank, and cash investments maturing within three months
- **Trade and Other Receivables** are monies owed to the Council for rates, parking, fines, GST refunds, home support, and other services provided by the Council.
- **Other Financial Assets** reference the value of Council's longer term financial investments (maturity greater than three months), such as bank bills, term deposits and floating rate notes, as well as the value of shares Council holds.
- **Non-Current Assets Classified as Held for Sale** represents the value of assets and related liabilities less costs to sell that are earmarked for a highly probable sale in the coming financial period.

- **Other Assets** represents income due to the Council, but not yet paid or billed, and prepayments which are expenses that have been paid in advance by the Council.
- **Investments in associates and joint ventures** includes the Council's portion of post-acquisition profits or losses of arrangements in which they have either have significant influence or joint control.
- **Property, Infrastructure, Plant and Equipment** are the largest components of the Council's worth and represent the current value of land, buildings, roads, drainage, equipment etc. which have been purchased by, or contributed to the Council over many years. It also includes those assets which the Council does not own but has significant control over, and responsibility for, such as foreshore pavilions, parks and Crown land and leased vehicles.

### Current and Non-Current Liabilities

- **Trade and Other Payables** are suppliers to whom the Council owes money as at 30 June.
- **Trust Funds and Deposits** represent monies held in trust or deposits received and held by Council.
- **Provisions** include long service and annual leave entitlements owing to employees at the end of the financial year.
- **Interest Bearing Loans and Borrowings** are the borrowings (including finance leases) taken out by the Council.

## Net Assets

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

### Total Equity

Total equity always equals net assets. The components of Equity include:

- **Accumulated Surplus** - the profit or loss results of all financial years totalled and carried forward.
- **Reserves** - comprise asset revaluation reserves which are the difference between the previously recorded value of assets and their current valuations; and general reserves which are allocations from the Accumulated Surplus for specific projects.

## Statement of Changes in Equity

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

The main reasons for changes in equity stem from:

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

## Statement of Cash Flows

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

Cash in this statement refers to bank deposits and other forms of highly liquid investments maturing within three months that can readily be converted to cash.

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

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

### Operating activities

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

### Investing activities

Relates to payments for assets such as building improvements, footpaths and road renewals and other long term revenue-producing assets and the cash received from the sale of these assets. It also shows the movement in investments.

### Financing activities

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

## Statement of Capital Works

The Statement of Capital Works expands on the payments the Council has made for property, infrastructure, plant and equipment identified in the Statement of Cash Flow. It is prepared on a cash basis not an accrual basis.

### The Council's capital works occurs in three main areas:

- **Property** relates to land and buildings. Improvements to existing assets are separately identified and heritage buildings are separated from other buildings.
- **Plant and Equipment** comprises fixtures, fittings and furniture, computers and telecommunications, library books, heritage plant and equipment and other plant, machinery and equipment.
- **Infrastructure** includes roads, bridges, footpaths and cycleways, drainage, recreational, leisure and community facilities, waste management, parks, open space and streetscapes and off street car parks.

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

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

## Notes to the financial report

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

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

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

Other notes include:

- the cost of the various functions of the Council
- the breakdown of expenses, revenues, reserves, and other assets
- transactions with persons related to the Council 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.

## Performance statement

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

## 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 and the Chief Executive Officer is a statement made by two Councillors on behalf of the Council that, in their opinion, the Financial Statements are fair and not misleading.

## Auditor-General's Report

The Independent Audit Report is the external and independent opinion on the Financial Statements. The audit opinion confirms that the Financial Statements fairly present the results in all material respects of the Council and comply with the statutory reporting requirements of the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014. A separate Independent Audit Report is also provided on the Performance Statement which confirms that it fairly presents in all material aspects the Council's performance in accordance with the statutory requirements of the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

# Financial statements

For year ended 30 June 2017



# Comprehensive Income Statement

For the year ended 30 June 2017

	Note	2017	2016
<b>Income</b>			
Rates and charges	3	117,192	113,146
Statutory fees and fines	4	22,237	20,081
User fees	5	34,615	33,319
Grants - operating	6	11,609	8,884
Grants - capital	6	1,876	1,210
Contributions - monetary	7	9,109	6,857
Contributions - non-monetary	7	20,601	17
Other income	9	13,663	12,186
<b>Total income</b>		<b>230,902</b>	<b>195,700</b>
<b>Expenses</b>			
Employee costs	10	84,180	80,932
Materials and services	11	76,207	67,141
Bad and doubtful debts	12	3,661	3,332
Depreciation and amortisation	13	22,527	21,663
Borrowing costs	14	434	452
Other expenses	15	8,614	9,409
Net loss on disposal of property, infrastructure, plant and equipment	8	1,611	3,137
Share of net losses of associates and joint ventures	16	24	26
<b>Total Expenses</b>		<b>197,258</b>	<b>186,092</b>
<b>Surplus / (Deficit) for the year</b>		<b>33,644</b>	<b>9,608</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment / (decrement)	27	318,925	224,998
<b>Total comprehensive result</b>		<b>352,569</b>	<b>234,606</b>

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

# Balance Sheet

As at 30 June 2017

	Note	2017	2016
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	8,058	11,105
Trade and other receivables	19	12,616	11,689
Other financial assets	18	66,500	49,500
Non-current assets classified as held for sale	20	797	4,248
Other assets	21	2,320	8,207
<b>Total current assets</b>		<b>90,291</b>	<b>84,749</b>
<b>Non-current assets</b>			
Investments in associates and joint ventures	16	332	356
Other financial assets	18	235	235
Property, infrastructure, plant and equipment	22	2,906,916	2,555,980
<b>Total non-current assets</b>		<b>2,907,483</b>	<b>2,556,571</b>
<b>Total assets</b>		<b>2,997,774</b>	<b>2,641,320</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	17,682	17,029
Trust funds and deposits	24	4,868	4,990
Provisions	25	15,864	12,165
Interest-bearing loans and borrowings	26	563	660
<b>Total current liabilities</b>		<b>38,977</b>	<b>34,844</b>
<b>Non-current liabilities</b>			
Provisions	25	2,794	2,824
Interest-bearing loans and borrowings	26	8,195	8,413
<b>Total non-current liabilities</b>		<b>10,989</b>	<b>11,237</b>
<b>Total liabilities</b>		<b>49,966</b>	<b>46,081</b>
<b>Net Assets</b>		<b>2,947,808</b>	<b>2,595,239</b>
<b>Equity</b>			
Accumulated surplus		651,120	630,360
Reserves	27	2,296,688	1,964,879
<b>Total Equity</b>		<b>2,947,808</b>	<b>2,595,239</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2017

		\$'000			
	Notes	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
<b>2017</b>					
Balance at beginning of the financial year		2,595,239	630,360	1,932,736	32,143
Surplus / (deficit) for the year		33,644	33,644	-	-
Net asset revaluation increment / (decrement)	27(a)	318,925	-	318,925	-
Transfers from other reserves	27(b)	-	19,506	-	(19,506)
Transfers to other reserves	27(b)	-	(32,390)	-	32,390
<b>Balance at end of the financial year</b>		<b>2,947,808</b>	<b>651,120</b>	<b>2,251,661</b>	<b>45,027</b>
<b>2016</b>					
Balance at beginning of the financial year		2,360,633	622,911	1,707,738	29,984
Surplus / (deficit) for the year		9,608	9,608	-	-
Net asset revaluation increment / (decrement)	27(a)	224,998	-	224,998	-
Transfers from other reserves	27(b)	-	16,899	-	(16,899)
Transfers to other reserves	27(b)	-	(19,058)	-	19,058
<b>Balance at end of the financial year</b>		<b>2,595,239</b>	<b>630,360</b>	<b>1,932,736</b>	<b>32,143</b>

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

# Statement of Cash Flows

For the year ended 30 June 2017

		\$'000	
	Note	2017 Inflows / (outflows)	2016 Inflows / (outflows)
<b>Cash flows from operating activities</b>			
Rates and charges		116,644	112,944
Statutory fees and fines		18,105	16,334
User fees		34,843	33,452
Grants - operating		11,862	9,165
Grants - capital		1,876	1,210
Contributions - monetary		9,109	6,857
Interest received		1,691	1,493
Trust funds and deposits taken		56,385	52,161
Other receipts		12,836	11,513
Net GST refund		6,999	7,944
Employee costs		(83,474)	(80,269)
Materials and services		(78,322)	(70,455)
Trust funds and deposits repaid		(56,507)	(54,899)
Other payments		(9,880)	(10,815)
<b>Net cash provided by / (used in) operating activities</b>	<b>28</b>	<b>42,167</b>	<b>36,635</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	22	(31,883)	(32,138)
Proceeds from sale of property, infrastructure, plant and equipment		4,746	208
Payments for investments		(66,500)	(49,500)
Proceeds from sale of investments		49,500	32,300
<b>Net cash provided by / (used in) investing activities</b>		<b>(44,137)</b>	<b>(49,130)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(434)	(452)
Repayment of borrowings	27	(643)	(662)
<b>Net cash provided by / (used in) financing activities</b>		<b>(1,077)</b>	<b>(1,114)</b>
Net (decrease) increase in cash and cash equivalents		(3,047)	(13,609)
Cash and cash equivalents at the beginning of the financial year	27	11,105	24,714
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,058</b>	<b>11,105</b>
<b>Financing arrangements</b>	<b>29</b>		
<b>Restrictions on cash assets</b>	<b>17</b>		

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

# Statement of Capital Works

For the year ended 30 June 2017

	Note	\$'000	
		2017	2016
<b>Property</b>			
Land		6,282	-
<b>Total land</b>		<b>6,282</b>	<b>-</b>
Buildings		13,812	7,859
<b>Total buildings</b>		<b>13,812</b>	<b>7,859</b>
<b>Total property</b>		<b>20,094</b>	<b>7,859</b>
<b>Plant and equipment</b>			
Heritage plant and equipment		229	61
Plant, machinery and equipment		1,940	2,243
Fixtures, fittings and furniture		741	109
Computers and telecommunications		1,162	1,555
Library books		808	785
<b>Total plant and equipment</b>		<b>4,880</b>	<b>4,753</b>
<b>Infrastructure</b>			
Roads		3,034	3,857
Footpaths and cycleways		4,418	4,408
Drainage		1,582	1,415
Parks, open space and streetscapes		4,077	2,636
Other infrastructure		463	1,577
<b>Total infrastructure</b>		<b>13,574</b>	<b>13,893</b>
<b>Total capital works expenditure</b>		<b>38,548</b>	<b>26,505</b>
<b>Represented by</b>			
New asset expenditure		12,478	6,124
Asset renewal expenditure		20,721	15,577
Asset expansion expenditure		168	747
Asset upgrade expenditure		5,181	4,057
<b>Total capital works expenditure</b>		<b>38,548</b>	<b>26,505</b>

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



# Notes to the financial report

## For the year ended 30 June 2017

### 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 Street, St Kilda.

### Statement of compliance

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

### Note 1 Significant accounting policies

#### (a) Basis of accounting

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

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

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

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

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

#### b) Change in accounting policies

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

#### c) Principles of consolidation

An assessment by management has determined that there are no consolidated entities for the 30 June 2017 reporting period.

#### d) Committees of management

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

## e) Accounting for investments in associates and joint arrangements

### Associates

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

### Joint arrangements

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

#### (i) Joint operations

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

#### (ii) Joint ventures

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

In 1997 Council entered into a joint venture agreement with Wesley College for the maintenance and operation of the Albert Park Hockey and Tennis Centre. Council's 50 per cent share of the Albert Park Hockey and Tennis Centre's net assets and liabilities as at the end of the financial year were previously

recognised on a proportionately consolidated basis but are now recognised as a single line investment under the equity method in accordance with AASB 11. Refer to Note 16.

### f) Revenue recognition

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

### Rates and charges

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

### Statutory fees and fines

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

### User fees

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

### Grants

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

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

### Contributions

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

### Sale of property, infrastructure, plant and equipment

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

### Interest

Interest is recognised as it is earned.

### Other Income

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

### g) Fair value measurement

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

### g) Fair value measurement (continued)

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

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

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

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

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

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

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

### h) Cash and cash equivalents

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

### i) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

### j) Other financial assets

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

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

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

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

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

#### Acquisition

The purchase method of accounting is used for acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

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

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

#### Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

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

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

In addition, Council undertakes the formal revaluation of land, buildings, land improvements, works of art, heritage assets and infrastructure assets every three years. The valuation is performed either by experienced Council officers or independent experts.

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

#### Land under roads

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

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

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

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

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

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

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

#### n) Repairs and maintenance

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

#### o) Impairment of assets

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

#### p) Trust funds and deposits

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

#### q) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends

on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

#### Borrowing costs

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

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

#### r) Employee costs and benefits

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

#### Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised

in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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

#### Long service leave

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

Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months. The components of this current liability are measured at:

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

#### Classification of employee costs

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

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



## s) Leases

### Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 4 to 7 year period.

### Operating leases

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

## t) Goods and Services Tax (GST)

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

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

## u) Financial guarantees

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

## v) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

## w) Pending accounting standards

The following new Australian Accounting Standard's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

### Revenue from contracts with customers (AASB 15) (applies 2019/20)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects

to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

### Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has a significant number of operating leases that will be impacted as a result of this change however the Council is not in a position to provide an accurate estimate of the total assets and liabilities that will be recognised.

## w) Pending accounting standards (continued)

### **Income of Not-for-Profit Entities (AASB 1058) (applies 2018/19)**

The standard will change the timing of the recognition criteria for income depending on whether the transaction gives rise to a liability or other performance obligation to provide goods or services. Currently the income is recognised when received. In addition the standard expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The full impact of this standard is not known.

### **x) Rounding**

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

## Note 2 Budget comparison

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

The budget figures detailed below are those adopted by Council on 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

### a) Income and expenditure

	\$'000			Ref
	Budget	Actual	Variance	
<b>Income</b>				
Rates and charges	117,223	117,192	(31)	
Statutory fees and fines	23,914	22,237	(1,677)	1
User fees	29,493	34,615	5,122	2
Grants - operating	9,759	11,609	1,850	3
Grants - capital	876	1,876	1,000	4
Contributions - monetary	4,100	9,109	5,009	5
Contributions - non-monetary	-	20,601	20,601	6
Other income	12,901	13,663	762	
<b>Total</b>	<b>198,266</b>	<b>230,902</b>	<b>32,636</b>	
<b>Expenses</b>				
Employee costs	83,759	84,180	(421)	
Materials and services	69,456	76,207	(6,751)	7
Bad and doubtful debts	3,499	3,661	(162)	
Depreciation and amortisation	21,232	22,527	(1,295)	8
Borrowing costs	563	434	129	9
Other expenses	9,810	8,614	1,196	10
Net loss on disposal of property, infrastructure, plant and equipment	2,733	1,611	1,122	11
Share of net profits losses of associates and joint ventures	-	24	(24)	12
<b>Total expenses</b>	<b>191,052</b>	<b>197,258</b>	<b>(6,206)</b>	
<b>Surplus / (deficit) for the year</b>	<b>7,214</b>	<b>33,644</b>	<b>26,430</b>	

## a) Income and expenditure - Explanation of Material Variances

Ref	Item	Explanation
1	<b>Statutory fees and fines</b>	<p>A review of Council's fees and charges during the financial year has identified a net \$2.8 million of income reclassification from statutory fees and fines to user fees - predominantly Street Occupation and Parking Permits income. Excluding the reclassification, the variance is a favourable \$1.13 million which is mainly attributable to:</p> <ul style="list-style-type: none"> <li>• greater number of planning applications from increased development activities than was budgeted of \$0.94 million</li> <li>• greater number of vehicles towed which is a contracted service and is fully offset by contractor payments of \$0.16 million.</li> </ul>
2	<b>User fees</b>	<p>A review of Council's fees and charges during the financial year has identified a net \$2.8 million of income reclassification from statutory fees and fines to user fees - predominantly Street Occupation and Parking Permits income. Excluding the reclassification, the favourable variance of \$2.32 million is due to:</p> <ul style="list-style-type: none"> <li>• additional income received from street occupation permits of \$0.99 million due to increased developments within the municipality</li> <li>• the change in fee structure for parking permits resulted in a net income increase of \$0.19 million</li> <li>• budgeted reduction in parking fees due to works at Acland Street and Palais Theatre which did not eventuate of \$0.36 million</li> <li>• greater utilisation of Council foreshore assets than was budgeted resulted in additional income of \$0.13 million.</li> </ul>
3	<b>Grants - operating</b>	<p>The favourable variance of \$1.85 million is due to:</p> <ul style="list-style-type: none"> <li>• the early receipt of the 2017/18 Victorian Grants Commission instalments of \$1.32 million</li> <li>• growth related funding for Maternal Child Health of \$0.10 million and aged services \$0.12 million</li> <li>• a number of other grants received during the year which will be spent in 2017/18 of \$0.3 million.</li> </ul>
4	<b>Grants - capital</b>	<p>The favourable variance of \$1.0 million is mainly due to the receipt of capital grants for St Kilda Life Saving Club upgrade \$0.50 million, \$0.44 million for the Roads to Recovery program, and \$0.25 million for CCTV at Fitzroy Street, St Kilda.</p>
5	<b>Contributions - monetary</b>	<p>The favourable variance of \$5.01 million is due to higher than expected property development within the municipality, especially in the St Kilda Hill, St Kilda East, Port Melbourne and St Kilda Road neighbourhoods and the unbudgeted release of \$0.26 million from the Victorian Government managed Fishermans Bend Urban Renewal Area interim Development Contribution Plan for works at Ferrars Street Education and Community Precinct.</p>
6	<b>Contributions - non-monetary</b>	<p>The favourable variance of \$20.6 million is due to external contributions for works on Council assets which were transferred to Council but were not budgeted for including:</p> <ul style="list-style-type: none"> <li>• the redevelopment of the Palais Theatre which was project managed by the Victorian Government who contributed \$13.04 million or 67 per cent of the project costs</li> <li>• the rebuild of the Stokehouse Restaurant funded by insurance payout, with \$7.5 million of works contributed to Council.</li> </ul>

## a) Income and expenditure - Explanation of Material Variances (continued)

Ref	Item	Explanation
7	<b>Materials and services</b>	<p>The unfavourable variance of \$6.75 million is mainly due to the reallocation of \$6.13 million of project costs initially budgeted as capital, but written off to operating expenditure in accordance with Australian Accounting Standards. The material projects are:</p> <ul style="list-style-type: none"> <li>• \$1.08 million of expenditure on the new Ferrars Street Education and Community Centre has been expensed reflecting the Victorian Government will have control over the asset. Council will be provided with access to the asset as a lessee over a 30 year lease plus options</li> <li>• recognition of remediation costs for the Montague Community Park (interim name) redevelopment due to contamination \$2.94 million</li> <li>• \$1.12 million Acland Street upgrade project costs included comprehensive community engagement, activation costs and expenditure on VicRoad assets.</li> </ul>
8	<b>Depreciation and amortisation</b>	<p>The unfavourable variance of \$1.3 million is mainly due to the following which were not allocated to the 2016/17 budget:</p> <ul style="list-style-type: none"> <li>• the impact of roads and buildings asset revaluations in 2015/16 which increased the value of Council's asset base by \$12.9 million resulting in increased depreciation expenditure of approximately \$179,000 for the 2016/17 financial year</li> <li>• \$50.9 million of new asset additions during 2015/16 and 2016/17.</li> </ul>
9	<b>Borrowing costs</b>	<p>The minor favourable variance of \$0.13 million is mainly due to a lower number of fleet vehicles held under finance leases.</p>
10	<b>Other expenses</b>	<p>The favourable variance of \$1.20 million is due to:</p> <ul style="list-style-type: none"> <li>• Council's \$0.5 million commitment to affordable community housing being held in reserve to be distributed by an expression of interest process to be undertaken in 2017/18</li> <li>• budgeted \$0.79 million provision for childcare facility improvements (infrastructure levy) has been accounted for in the balance sheet as cash backed reserve increase.</li> </ul>
11	<b>Net loss on disposal of property, infrastructure, plant and equipment</b>	<p>The favourable variance of \$1.12 million is mainly due to the strong property market that resulted in higher sale prices from disposal of non strategic Council properties.</p>
12	<b>Share of net profits losses of associates and joint ventures</b>	<p>Council's share of the Albert Park Hockey and Tennis Centre joint venture was budgeted to breakeven, however for 2016/17 a minor loss was incurred.</p>



## b) Capital Works

	\$'000			
	Budget	Actual	Variance	Ref
<b>Property</b>				
Land	-	6,282	6,282	1
<b>Total land</b>	-	<b>6,282</b>	<b>6,282</b>	
Buildings	16,763	13,812	(2,951)	2
<b>Total buildings</b>	<b>16,763</b>	<b>13,812</b>	<b>(2,951)</b>	
<b>Total property</b>	<b>16,763</b>	<b>20,094</b>	<b>3,331</b>	
<b>Plant and equipment</b>				
Heritage plant and equipment	39	229	190	3
Plant, machinery and equipment	1,534	1,940	406	4
Fixtures, fittings and furniture	85	741	656	5
Computers and telecommunications	2,351	1,162	(1,189)	6
Library books	814	808	(6)	
<b>Total plant and equipment</b>	<b>4,823</b>	<b>4,880</b>	<b>57</b>	
<b>Infrastructure</b>				
Roads	5,506	3,034	(2,472)	7
Footpaths and cycleways	2,313	4,418	2,105	8
Drainage	1,360	1,582	222	9
Parks, open space and streetscapes	7,431	4,077	(3,354)	10
Other infrastructure	550	463	(87)	11
<b>Total infrastructure</b>	<b>17,160</b>	<b>13,574</b>	<b>(3,586)</b>	
<b>Total capital works expenditure</b>	<b>38,746</b>	<b>38,548</b>	<b>(198)</b>	
<b>Represented by:</b>				
New asset expenditure	11,630	12,478	848	
Asset renewal expenditure	20,412	20,721	309	
Asset expansion expenditure	45	168	123	12
Asset upgrade expenditure	6,658	5,181	(1,477)	13
<b>Total capital works expenditure</b>	<b>38,746</b>	<b>38,548</b>	<b>(197)</b>	

## b) Capital Works - Explanation of Material Variances

Ref	Item	Explanation
1	<b>Land</b>	Strategic acquisition of land \$6.3 million at 2-4 Buckhurst Street, South Melbourne for the Montague Community Park (interim name) development was not budgeted.
2	<b>Buildings</b>	The capital budget for buildings include \$2.9 million for the Ferrars Street Education and Community Precinct. This project has been reclassified as an operating contribution expense as the asset will be controlled by the Victorian Government and therefore cannot be capitalised. Council will be provided with access to this asset as a lessee over a 30 year lease plus options. Excluding this project, the variance is an immaterial underspend of \$0.12 million.
3	<b>Heritage plant and equipment</b>	Net over expenditure of \$0.19 million mainly relates to the expenditure on a heritage fountain which was budgeted as parks capital expenditure.
4	<b>Plant, machinery and equipment</b>	Net over expenditure of \$0.40 million primarily due to the capitalisation of finance leases of \$0.33 million (non-cash) for street and beach cleaning plant and equipment which was not budgeted for.
5	<b>Fixtures, fittings and furniture</b>	Net over expenditure of \$0.66 million is due to the purchase of furniture and fittings which are budgeted for in the buildings asset class.
6	<b>Computers and telecommunications</b>	Net under expenditure of \$1.19 million due to the following: <ul style="list-style-type: none"> <li>• expenditure on the Asset Management Transformation, Valuation System Replacement and Geographic Information System Renewal projects was reclassified as operating expenditure</li> <li>• hardware and software improvements for parking infringement issuing have been delayed until the Parking Efficiency and Integration Strategy is completed.</li> </ul>
7	<b>Roads</b>	Net under expenditure of \$2.47 million largely due to: <ul style="list-style-type: none"> <li>• cost savings of \$0.73 million in the road and laneway renewal programs realised through better planning, competitive tendering and lower construction costs</li> <li>• under expenditure due to \$1.57 million of expenditure in the major civil road renewal programs consisting of footpath works.</li> </ul>
8	<b>Footpaths and cycleways</b>	Over expenditure of \$2.11 million due to components of the major civil roads and drainage renewal programs consisting of footpath works.
9	<b>Drainage</b>	Net under expenditure of \$0.22 million due to kerbs and channels expenditure reported under footpaths and cycleways.
10	<b>Parks, open space and streetscapes</b>	Under expenditure of \$3.35 million is largely due to: <ul style="list-style-type: none"> <li>• the write off to operating expenditure of \$1.12 million of Acland Street upgrade project costs included comprehensive community engagement, activation costs and expenditure on VicRoad assets</li> <li>• under spend of \$2.15 million due to delays in the Montague Community Park (interim name) redevelopment and streetscape upgrade projects, both are continuing into 2017/18.</li> </ul>
11	<b>Other infrastructure</b>	Under expenditure of \$0.09 million is mainly due to minor variances from lighting and street furniture projects.
12	<b>Asset expansion expenditure</b>	Minor over expenditure of \$0.12 million on asset expansion due to expenditure budgeted within new asset expenditure type.
13	<b>Asset upgrade expenditure</b>	Under expenditure of \$1.48 million due to the deferral of expenditure to 2017/18 for several building upgrade projects and the reclassification of expenditure to operating for completed projects.

## Note 3 Rates and charges

Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.

The valuation base used to calculate general rates for 2016/2017 was \$3.035 billion (2015/2016 was \$2.640 billion). The 2016/2017 rate in the NAV dollar was \$0.038517 (2015/2016: \$0.042642).

	\$'000	
	2017	2016
General Rates	116,156	111,817
Waste management charge	180	274
Special rates and charges	656	595
Special rates and charges applied	(656)	(595)
Supplementary rates and rate adjustments	567	785
Interest on rates and charges	289	270
<b>Total rates and charges</b>	<b>117,192</b>	<b>113,146</b>

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

## Note 4 Statutory fees and fines

	\$'000	
	2017	2016
Infringements and costs	1,061	738
Court recoveries	72	68
Town planning fees	1,784	802
Land information certificates	188	158
Permits	1,214	1,237
Parking fines and parking permits	17,918	17,078
<b>Total statutory fees and fines</b>	<b>22,237</b>	<b>20,081</b>

## Note 5 User fees

	\$'000	
	2017	2016
Aged and health services	592	641
Leisure centre and recreation	572	634
Childcare / children's programs	9,630	8,971
Parking	16,298	15,868
Registration and other permits	5,174	4,565
Building services	700	740
Waste management services	268	477
Other fees and charges	1,381	1,423
<b>Total user fees</b>	<b>34,615</b>	<b>33,319</b>

## Note 6 Grants

Grants were received in respect of the following.

### Summary of grants

	\$'000	
	2017	2016
Commonwealth funded grants	6,897	1,854
State funded grants	6,589	8,240
<b>Total grants received</b>	<b>13,486</b>	<b>10,094</b>

### Operating Grants

<b>Recurrent - Commonwealth Government</b>		
Aged care	70	-
Community health	258	-
Family and children	-	135
General home care	2,189	-
Other	-	41
Recreation	67	-
Victoria Grants Commission	3,870	1,298
<b>Recurrent - State Government</b>		
Aged care	54	118
Community health	430	651
Community safety	-	16
Environmental Planning	59	100
Family and children	743	704
General home care	1,408	3,491
Libraries	683	603
Maternal and child health	763	643
Other	275	267
Recreation	610	626
School crossing supervisors	91	88
<b>Total recurrent operating grants</b>	<b>11,570</b>	<b>8,781</b>
<b>Non-recurrent - Commonwealth Government</b>		
Community health	5	-
<b>Non-recurrent - State Government</b>		
Community health	23	-
Environmental planning	-	13
Family and children	1	-
Maternal and child health	-	58
Other	-	32
Roads	10	-
<b>Total non-recurrent operating grants</b>	<b>39</b>	<b>103</b>
<b>Total operating grants</b>	<b>11,609</b>	<b>8,884</b>

## Capital Grants

	\$'000	
	2017	2016
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	436	381
<b>Total recurrent capital grants</b>	<b>436</b>	<b>381</b>
<b>Non-recurrent - Commonwealth Government</b>		
Roads	-	207
<b>Non-recurrent - State Government</b>		
Building	1,000	110
Footpaths and cycleways	66	23
Parks and streetscapes	-	100
Plant and equipment	246	-
Roads	128	389
<b>Total non-recurrent capital grants</b>	<b>1,440</b>	<b>829</b>
<b>Total capital grants</b>	<b>1,876</b>	<b>1,210</b>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	1,350	1,044
Received during the financial year and remained unspent at balance date	2,627	625
Received in prior years and spent during the financial year	(1,135)	(319)
<b>Balance at year end</b>	<b>2,842</b>	<b>1,350</b>



## Note 7 Contributions

	\$'000	
	2017	2016
<b>Monetary</b>		
Monetary	9,109	6,857
Non-monetary	20,601	17
<b>Total contributions</b>	<b>29,710</b>	<b>6,874</b>

Contributions of non-monetary assets were received in relation to the following asset classes:

	2017	2016
Buildings	20,548	-
Other infrastructure	-	2
Other	53	15
<b>Total non-monetary contributions</b>	<b>20,601</b>	<b>17</b>

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

	\$'000	
	2017	2016
Proceeds of sale	4,746	208
Written down value of assets disposed	(6,357)	(3,345)
<b>Total net gain / (loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(1,611)</b>	<b>(3,137)</b>

## Note 9 Other income

	\$'000	
	2017	2016
Interest	1,691	1,493
Property rental	2,715	2,325
Other rent	5,389	5,522
Other	3,868	2,846
<b>Total other income</b>	<b>13,663</b>	<b>12,186</b>

## Note 10 (a) Employee costs

	\$'000	
	2017	2016
Wages and salaries	60,113	58,793
WorkCover	1,043	1,076
Casual staff	8,551	6,586
Superannuation	6,394	6,219
Fringe benefits tax	440	412
Other	7,639	7,846
<b>Total employee costs</b>	<b>84,180</b>	<b>80,932</b>

## Note 10 (b) Superannuation

Council made contributions to the following funds.

	\$'000	
	2017	2016
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	369	399
	<b>369</b>	<b>399</b>
Employer contributions payable at reporting date.	7	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5,954	5,759
Employer contributions - other funds	71	61
	<b>6,025</b>	<b>5,820</b>
Employer contributions payable at reporting date.	1	-

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

## Note 11 Materials and services

	\$'000	
	2017	2016
Building and general maintenance	13,042	5,870
Waste management contracts	9,559	8,880
Maintenance and construction contracts	9,323	7,802
Parks and gardens contract	9,318	8,998
Other contract payments	6,979	6,887
Consultants	6,194	7,420
Parking administration contracts	5,566	4,901
Office administration	4,946	4,131
Cleaning contract	2,916	3,300
Family and community support contracts	2,741	2,028
Utilities	2,675	3,004
Information technology	1,863	2,368
Insurance	1,085	1,552
<b>Total materials and services</b>	<b>76,207</b>	<b>67,141</b>

## Note 12 Bad and doubtful debts

	\$'000	
	2017	2016
Parking fine debtors	3,551	3,301
Other debtors	110	31
<b>Total bad and doubtful debts</b>	<b>3,661</b>	<b>3,332</b>

## Note 13 Depreciation and amortisation

	\$'000	
	2017	2016
Property	5,692	5,009
Plant and equipment	3,628	3,460
Infrastructure	13,207	13,194
<b>Total depreciation and amortisation</b>	<b>22,527</b>	<b>21,663</b>

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

## Note 14 Borrowing costs

	\$'000	
	2017	2016
Interest - borrowings	349	350
Interest on finance leases	85	102
<b>Total borrowing costs</b>	<b>434</b>	<b>452</b>

## Note 15 Other expenses

	\$'000	
	2017	2016
Contributions and donations	2,346	2,994
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	77	67
Auditors' remuneration - Internal	200	209
Councillors' allowances	323	321
Operating lease rentals	1,055	1,416
Bank charges	588	467
Activities and programs	581	600
Catering costs	551	541
Subscriptions	290	312
Other	2,603	2,482
<b>Total other expenses</b>	<b>8,614</b>	<b>9,409</b>

## Note 16 Investments in associates, joint ventures and subsidiaries

### Joint Arrangement - Joint Venture

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

#### Joint Venture - Albert Park Hockey And Tennis Centre

In 1997 Council entered into a Joint Venture agreement with Wesley College, St Kilda Road, Prahran for the maintenance and operation of the Albert Park Hockey and Tennis Centre. The Centre is located in Hockey Drive, St Kilda a part of the Albert Park Reserve and is the subject of a lease agreement with the landlord Parks Victoria. This lease expires on the 15 November 2017 and at this time the Joint Venture Agreement expires. At the time of preparing the Annual Report, Parliament had approved a lease renewal, Parks Victoria was drafting a lease agreement and Council staff were in discussions

for the renewal of the Joint Venture agreement with Wesley College.

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

loss each party to contribute half of that loss to the Joint Venture.

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

Council has been provided with the Joint Venture financial statements for the 12 months ending 31 March 2017. Council's investments in joint ventures represents a 50 per cent share of the net assets and liabilities of the Albert Park Hockey and Tennis Centre as at 31 March 2017.

	\$'000	
	2017	2016
<b>Fair value of Council's investment in Albert Park Hockey and Tennis Centre</b>	<b>332</b>	<b>356</b>
<b>Council's share of accumulated surplus / (deficit)</b>		
Council's share of accumulated surplus (deficit) at start of year	356	382
Reported surplus (deficit) for year	(24)	(26)
Transfers (to) from reserves		-
Distributions for the year		-
<b>Council's share of accumulated surplus (deficit) at end of year</b>	<b>332</b>	<b>356</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	356	382
Share of surplus (deficit) for year	(24)	(26)
Share of asset revaluation		-
Distributions received		-
<b>Carrying value of investment at end of year</b>	<b>332</b>	<b>356</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	3	3
Capital commitments	12	12
<b>Council's share of expenditure commitments</b>	<b>15</b>	<b>15</b>
<b>Council's share of contingent liabilities and contingent assets</b>	<b>nil</b>	<b>nil</b>
<b>Significant restrictions</b>	<b>nil</b>	<b>nil</b>



## Note 17 Cash and cash equivalents

	\$'000	
	2017	2016
Cash on hand	20	21
Cash at bank	5,538	6,084
Term deposits	2,500	5,000
	<b>8,058</b>	<b>11,105</b>

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

- Statutory reserve balances (Note 27)	14,105	9,751
- Trust funds and deposits (Note 24)	4,868	4,990
- Tied grants (Note 6a)	2,842	1,350
<b>Total restricted funds</b>	<b>21,815</b>	<b>16,091</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>(13,757)</b>	<b>(4,986)</b>

### Intended allocations

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

Cash held to fund carried forward project expenditure	2,277	8,140
Middle Park Beach ongoing maintenance	1,212	1,183
Childcare Centre's infrastructure levy	4,597	-
Pride Centre contribution	3,695	-
Sustainable transport	1,783	-
In Our Backyard - Growing affordable housing in Port Phillip	1,000	-
Fitzroy Street masterplan works	-	150
Gasworks building works	-	1,500
<b>Total funds subject to intended allocations</b>	<b>14,564</b>	<b>10,973</b>

Refer also to Note 18 for details of other financial assets held by Council.

## Note 18 Other financial assets

	\$'000	
	2017	2016
<b>Current</b>		
Term deposits	66,500	49,500
	<b>66,500</b>	<b>49,500</b>
<b>Non-Current</b>		
Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	230	230
	<b>235</b>	<b>235</b>
<b>Total other financial assets</b>	<b>66,735</b>	<b>49,735</b>

## Note 19 Trade and other receivables

### Current

	\$'000	
	2017	2016
<b>Statutory receivables</b>		
Rate debtors	2,447	1,899
Infringement debtors	17,044	16,210
Provision for doubtful debts - infringements	(11,649)	(11,093)
GST receivable	1,451	1,265
<b>Non statutory receivables</b>		
Other debtors	3,687	3,842
Provision for doubtful debts - other debtors	(364)	(434)
<b>Total trade and other receivables</b>	<b>12,616</b>	<b>11,689</b>

### a) Ageing of receivables

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

Current (not yet due)	1,151	1,165
Past due by up to 30 days	156	728
Past due between 31 and 180 days	453	135
Past due between 181 and 365 days	29	111
Past due by more than 1 year	224	242
<b>Total other debtors</b>	<b>2,013</b>	<b>2,381</b>

### b) Movement in provisions for doubtful debts

Balance at the beginning of the year	434	664
New provisions recognised during the year	608	352
Amounts already provided for and written off as uncollectable	(180)	(260)
Amounts provided for but recovered during the year	(498)	(322)
<b>Balance at end of year</b>	<b>364</b>	<b>434</b>

## Note 19 Trade and other receivables *Continued*

### c) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$1,674,000 (2016: \$1,461,000) were impaired. The amount of the provision raised against these debtors was \$364,000 (2016: \$434,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables of debtor balances that have been individually determined as impaired at reporting date was:

Current (not yet due)	508	435
Past due by up to 30 days	781	472
Past due between 31 and 180 days	168	311
Past due between 181 and 365 days	95	214
Past due by more than 1 year	122	29
<b>Total trade and other receivables</b>	<b>1,674</b>	<b>1,461</b>

## Note 20 Non-current assets classified as held for sale

Cost of acquisition	797	4,248
<b>Total non-current assets classified as held for sale</b>	<b>797</b>	<b>4,248</b>

## Note 21 Other assets

Prepayments	1,855	1,220
Accrued income	465	654
Other*	-	6,333
<b>Total other assets</b>	<b>2,320</b>	<b>8,207</b>

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

## Note 22 Property, infrastructure, plant and equipment

### Summary of property, infrastructure, plant and equipment

	\$'000								
	At Fair Value 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Non-Current assets classified as held for sale	At Fair Value 30 June 2017
Land	1,963,724	6,282	-	314,323	-	-	-	-	2,284,329
Buildings	179,490	15,301	20,547	2,631	(5,692)	(332)	1,790	-	213,735
Infrastructure	377,310	11,986	-	1,971	(13,207)	(2,189)	1,675	-	377,546
Plant and equipment	25,901	4,179	53	-	(3,627)	(385)	982	-	27,103
Work in progress	9,555	3,310	-	-	-	-	(8,662)	-	4,203
	<b>2,555,980</b>	<b>41,058</b>	<b>20,600</b>	<b>318,925</b>	<b>(22,526)</b>	<b>(2,906)</b>	<b>(4,215)</b>	<b>-</b>	<b>2,906,916</b>

### Summary of work in progress

	\$'000				
	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	5,412	951	(4,300)	(583)	1,480
Infrastructure	1,533	1,659	(1,675)	(846)	671
Plant and equipment	2,610	700	(982)	(276)	2,052
<b>Total</b>	<b>9,555</b>	<b>3,310</b>	<b>(6,957)</b>	<b>(1,705)</b>	<b>4,203</b>

## 2017 Reconciliation

Land and buildings	\$'000		
	Land - specialised	Buildings - specialised	Total Property
At fair value 1 July 2016	1,963,724	361,104	2,324,828
Accumulated depreciation at 1 July 2016	-	(181,614)	(181,614)
<b>WDV at beginning of financial year</b>	<b>1,963,724</b>	<b>179,490</b>	<b>2,143,214</b>
<b>Movements in fair value</b>			
Acquisition of assets at fair value	6,282	15,301	21,583
Contributed assets (Note 7)	-	20,547	20,547
Revaluation increments / decrements (Note 27)	314,323	(12,905)	301,418
Fair value of assets disposed	-	(1,050)	(1,050)
Transfers	-	4,300	4,300
	<b>320,605</b>	<b>26,193</b>	<b>346,798</b>
<b>Movements in accumulated depreciation</b>			
Depreciation and amortisation (Note 13)	-	(5,692)	(5,692)
Accumulated depreciation of disposals	-	718	718
Revaluation increments / decrements (Note 27)	-	15,536	15,536
Addition at Fair Value	-	(2,510)	(2,510)
	-	<b>8,052</b>	<b>8,052</b>
At fair value 30 June 2017	2,284,329	387,297	2,671,626
Accumulated depreciation at 30 June 2017	-	(173,562)	(173,562)
<b>WDV at end of financial year</b>	<b>2,284,329</b>	<b>213,735</b>	<b>2,498,064</b>

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



## 2017 Reconciliation

								\$'000
Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Parks, open spaces and streetscapes	Off street carparks	Other Infrastructure	Total Infrastructure
At fair value 1 July 2016	253,930	4,429	126,444	120,598	89,661	9,785	14,560	619,407
Accumulated depreciation at 1 July 2016	(103,880)	(2,486)	(48,666)	(47,478)	(31,971)	(2,424)	(5,192)	(242,097)
<b>WDV at beginning of financial year</b>	<b>150,050</b>	<b>1,943</b>	<b>77,778</b>	<b>73,120</b>	<b>57,690</b>	<b>7,361</b>	<b>9,368</b>	<b>377,310</b>
<b>Movements in fair value</b>								
Acquisition of assets at fair value	2,690	-	4,126	1,582	3,153	-	435	11,986
Contributed assets (Note 7)	-	-	-	-	-	-	-	-
Revaluation increments / decrements (Note 27)	-	-	-	2,196	-	-	-	2,196
Fair value of assets disposed	(1,025)	-	(2,147)	(503)	(382)	-	(450)	(4,507)
Transfers	95	-	251	251	689	-	389	1,675
	1,760	-	2,230	3,526	3,460	-	374	11,350
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation (Note 13)	(4,555)	(45)	(3,355)	(840)	(3,528)	(135)	(749)	(13,207)
Accumulated depreciation of disposals	550	-	1,137	207	174	-	250	2,318
Revaluation increments / decrements (Note 27)	-	-	-	(225)	-	-	-	(225)
	(4,005)	(45)	(2,218)	(858)	(3,354)	(135)	(499)	(11,114)
At fair value 30 June 2017	255,690	4,429	128,674	124,124	93,121	9,785	14,934	630,757
Accumulated depreciation at 30 June 2017	(107,885)	(2,531)	(50,884)	(48,336)	(35,325)	(2,559)	(5,691)	(253,211)
<b>WDV at end of financial year</b>	<b>147,805</b>	<b>1,898</b>	<b>77,790</b>	<b>75,788</b>	<b>57,796</b>	<b>7,226</b>	<b>9,243</b>	<b>377,546</b>

## 2017 Reconciliation

\$'000

Plant and equipment	Heritage plant and equipment	Plant, machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total plant equipment	Total works in progress
At fair value 1 July 2016	16,767	8,887	3,279	6,833	9,286	45,052	9,555
Accumulated depreciation at 1 July 2016	-	(3,772)	(2,567)	(5,770)	(7,042)	(19,151)	-
<b>WDV at beginning of financial year</b>	<b>16,767</b>	<b>5,115</b>	<b>712</b>	<b>1,063</b>	<b>2,244</b>	<b>25,901</b>	<b>9,555</b>
<b>Movements in fair value</b>							
Acquisition of assets at fair value	229	1,940	741	461	808	4,179	3,310
Contributions - non-monetary	53	-	-	-	-	53	-
Revaluation increments / decrements (Note 27)	-	-	-	-	-	-	-
Fair value of assets disposed	-	(1,237)	(6)	(625)	-	(1,868)	-
Transfers	33	25	-	924	-	982	(6,957)
Transfer work in progress to operating	-	-	-	-	-	-	(1,705)
	315	728	735	760	808	3,346	(5,352)
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation (Note 13)	(162)	(1,764)	(302)	(629)	(770)	(3,627)	-
Accumulated depreciation of disposals	-	852	6	625	-	1,483	-
Revaluation increments / decrements (Note 27)	-	-	-	-	-	-	-
Addition at Fair Value	-	-	-	-	-	-	-
	(162)	(912)	(296)	(4)	(770)	(2,144)	-
At fair value 30 June 2017	17,082	9,615	4,014	7,593	10,094	48,398	4,203
Accumulated depreciation at 30 June 2017	(162)	(4,684)	(2,863)	(5,774)	(7,812)	(21,295)	-
<b>WDV at end of financial year</b>	<b>16,920</b>	<b>4,931</b>	<b>1,151</b>	<b>1,819</b>	<b>2,282</b>	<b>27,103</b>	<b>4,203</b>

## Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer, Frank Carbone AAPI (Val 1764) The valuation of buildings is at depreciated replacement cost. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and / or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

The date of the current valuation is detailed in the following table.

### Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	\$'000			DoV
	Level 1	Level 2	Level 3	
Specialised Land	-	-	2,284,329	Jun-17
Land Improvements	-	-	-	Jun-15
Buildings	-	-	213,735	Jun-17
	-	-	<b>2,498,064</b>	

## Valuation of infrastructure

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

The date of the current valuations is detailed in the following table.

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

### Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	\$'000			DoV
	Level 1	Level 2	Level 3	
Roads	-	-	150,050	Jun-16
Bridges	-	-	1,943	Jun-16
Footpaths and cycleways	-	-	77,778	Jun-16
Drainage	-	-	75,788	Jun-17
Parks, open spaces and streetscapes	-	-	57,690	Jun-15
Off street carparks	-	-	7,361	Jun-16
Other infrastructure*	-	-	9,368	Jun-16
	-	-	<b>379,978</b>	

\* other infrastructure includes street furniture

## Valuation of heritage and works of art

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

Heritage and works of art valuations as at 30 June 2016 were performed by the following independent valuers:

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

### Details of the Council's heritage and works of art and information about the fair value hierarchy as at 30 June 2017 are as follows:

	\$'000			DoV
	Level 1	Level 2	Level 3	
Heritage and works of art	-	-	16,767	Jun-16

## Description of significant unobservable inputs into level 3 valuations

### Specialised land

Specialised land is valued using a replacement cost technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1,800 and \$7,000 per square metre.

### Specialised buildings

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$300 to \$14,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from two years to 94 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

### Infrastructure assets

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 18 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

## Reconciliation of specialised land

	\$'000	
	2017	2016
Parks and reserves	1,796,499	1,557,185
Commercial	182,999	158,859
Community	190,971	159,202
Council office land	113,860	88,478
<b>Total specialised land</b>	<b>2,284,329</b>	<b>1,963,724</b>



## Note 23 Trade and other payables

	\$'000	
	2017	2016
Trade payables	13,303	13,164
Accrued expenses	4,379	3,865
<b>Total trade and other payables</b>	<b>17,682</b>	<b>17,029</b>

## Note 24 Trust funds and deposits

	\$'000	
	2017	2016
Refundable deposits	545	503
Fire Services Levy	714	749
Other refundable deposits	3,609	3,438
Stokehouse insurance claim held in trust	-	300
<b>Total trust funds and deposits</b>	<b>4,868</b>	<b>4,990</b>

### Purpose and nature of items

**Refundable deposits** - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

**Fire Service Levy** - Council is the collection agent for fire services levy on behalf of the Victorian Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

**Retention amounts** - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

## Note 25 Provisions

### a) Employee Provisions

	\$'000	
	2017	2016
Balance at beginning of the financial year	14,989	14,045
Additional provisions	8,238	7,997
Amounts used	(7,444)	(7,206)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	165	153
<b>Balance at the end of the financial year</b>	<b>15,948</b>	<b>14,989</b>
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	3,811	3,609
Long service leave	7,193	6,523
Retirement gratuity	17	17
Other	196	178
	<b>11,217</b>	<b>10,327</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	1,780	1,688
Retirement gratuity	157	150
	<b>1,937</b>	<b>1,838</b>
<b>Total current employee provisions</b>	<b>13,154</b>	<b>12,165</b>
<b>Non-current</b>		
Long service leave	2,794	2,824
<b>Total non-current employee provisions</b>	<b>2,794</b>	<b>2,824</b>
<b>Aggregate carrying amount of employee benefits</b>		
Current	13,154	12,165
Non-current	2,794	2,824
<b>Total aggregate carrying amount of employee provisions</b>	<b>15,948</b>	<b>14,989</b>

### b) Other Provisions

	\$'000	
	2017	2016
Provision for site remediation 2-4 Buckhurst Street	2,710	-
	<b>2,710</b>	<b>-</b>
<b>Total provisions</b>	<b>18,658</b>	<b>14,989</b>

## Note 26 Interest-bearing loans and borrowings

	\$'000	
	2017	2016
<b>Current</b>		
Finance leases	563	660
	<b>563</b>	<b>660</b>
<b>Non-current</b>		
Borrowings - secured (1)	7,500	7,500
Finance leases	695	913
	<b>8,195</b>	<b>8,413</b>
<b>Total</b>	<b>8,758</b>	<b>9,073</b>

(1) Borrowings are secured by Council rate income

### a) The maturity profile for Council's borrowings is:

	\$'000	
	2017	2016
Not later than one year	-	-
Later than one year and not later than five years	7,500	-
Later than five years	-	7,500
	<b>7,500</b>	<b>7,500</b>

### b) The maturity profile for Council's finance lease liabilities is:

	\$'000	
	2017	2016
Not later than one year	620	688
Later than one year and not later than five years	742	1,040
Later than five years	-	-
<b>Minimum future lease payments</b>	<b>1,362</b>	<b>1,728</b>
Less: Future finance charges	(104)	(155)
<b>Present value of minimum lease payments</b>	<b>1,258</b>	<b>1,573</b>

## Finance leases

Council entered into lease agreements for street and beach cleaning equipment. Council's right to use the assets in the leases are accounted for as finance lease liabilities and are disclosed in the table above.

Contingent rent payable is based on the rental value agreed upon between the Council and the lessor and is invoiced on a monthly basis by the lessor. The lease agreements have been made on the basis that lease terms can be amended between Council and the lessor throughout the term of the lease based on mutual acceptance by both parties. The Council has the contractual right to acquire leased vehicles at the end of the lease term based on an agreed upon residual value. The Council does not have any financial restrictions imposed by their current leasing arrangements.

## Note 27 Reserves

### (a) Asset revaluation reserves

	\$'000		
	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
<b>2017</b>			
<b>Property</b>			
Land	1,689,414	314,323	2,003,737
Buildings	75,782	2,631	78,413
Land improvements	5,112	-	5,112
	<b>1,770,308</b>	<b>316,954</b>	<b>2,087,262</b>
<b>Infrastructure</b>			
Roads	70,741	-	70,741
Bridges	825	-	825
Footpaths and cycleways	27,881	-	27,881
Drainage	31,173	1,971	33,144
Parks, open spaces and streetscapes	11,218	-	11,218
Off street carparks	3,862	-	3,862
Other infrastructure	6,342	-	6,342
	<b>152,042</b>	<b>1,971</b>	<b>154,013</b>
<b>Plant and equipment</b>			
Heritage plant and equipment	10,386	-	10,386
	<b>10,386</b>	<b>-</b>	<b>10,386</b>
<b>Total Asset revaluation reserves</b>	<b>1,932,736</b>	<b>318,925</b>	<b>2,251,661</b>

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

**(a) Asset revaluation reserves**

	\$'000		
	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
<b>2016</b>			
<b>Property</b>			
Land	1,477,399	212,015	1,689,414
Buildings	66,358	9,424	75,782
Land improvements	5,112	-	5,112
	<b>1,548,869</b>	<b>221,439</b>	<b>1,770,308</b>
<b>Infrastructure</b>			
Roads	68,832	1,909	70,741
Bridges	822	3	825
Footpaths and cycleways	28,794	(913)	27,881
Drainage	31,173	-	31,173
Parks, open spaces and streetscapes	11,218	-	11,218
Off street carparks	4,583	(721)	3,862
Other infrastructure	5,744	598	6,342
	<b>151,166</b>	<b>876</b>	<b>152,042</b>
<b>Plant and equipment</b>			
Heritage plant and equipment	7,703	2,683	10,386
	<b>7,703</b>	<b>2,683</b>	<b>10,386</b>
<b>Total Asset revaluation reserves</b>	<b>1,707,738</b>	<b>224,998</b>	<b>1,932,736</b>

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



**(b) Other reserves**

	\$'000			
	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
<b>2017</b>				
<b>General Reserve</b>	22,392	23,547	(15,017)	30,922
<b>Statutory Reserves</b>				
Resort and recreation reserve	7,813	8,827	(4,489)	12,151
Contributions for car parking reserve	1,791	-	-	1,791
Contribution for C13 infrastructure reserve	147	16	-	163
	9,751	8,843	(4,489)	14,105
<b>Total other reserves</b>	32,143	32,390	(19,506)	45,027
<b>2016</b>				
<b>General Reserve</b>	18,243	12,201	(8,052)	22,392
<b>Statutory Reserves</b>				
Resort and recreation reserve	9,647	6,714	(8,548)	7,813
Contributions for car parking reserve	1,795	(4)	-	1,791
Contribution for C13 infrastructure reserve	299	147	(299)	147
	11,741	6,857	(8,847)	9,751
<b>Total other reserves</b>	29,984	19,058	(16,899)	32,143
				\$'000
		2017	2016	
Asset revaluation reserve		2,251,661	1,932,736	
Other reserves		45,027	32,143	
<b>Total Reserves</b>		2,296,688	1,964,879	

**General reserve**

The general reserve comprises allocations made by the council for the purpose of funding major medium term expenditure initiatives and future commitments that relate to the unexpended portion of government grants received.

**Resort and recreation reserve**

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

**Contributions for car parking reserve**

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

**Contributions for C13 infrastructure reserve**

The C13 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure. See Note 30 for further information.

## Note 28 Reconciliation of cash flows from operating activities to surplus / (deficit)

	\$'000	
	2017	2016
Surplus / (deficit) for the year	33,644	9,608
Depreciation	22,527	21,663
(Profit) / loss on disposal of property, infrastructure, plant and equipment	1,611	3,137
Contributions - non-monetary assets	(20,601)	(17)
Other	(4,174)	1,132
<b>Change in assets and liabilities:</b>		
(Increase) / decrease in trade and other receivables	(927)	(881)
(Increase) / decrease in prepayments	5,698	(285)
(Increase) / decrease in accrued income	189	70
Increase / (decrease) in trade and other payables	653	4,002
(Decrease) / increase in other liabilities	(122)	(2,728)
Increase / (decrease) in provisions	3,669	944
<b>Net cash provided by operating activities</b>	<b>42,167</b>	<b>36,645</b>

## Note 29 Financing arrangements

	\$'000	
	2017	2016
Bank overdraft	1,500	1,500
Credit card facilities	167	167
Other facilities- LGFV Municipal Bond	7,500	7,500
<b>Total facilities</b>	<b>9,167</b>	<b>9,167</b>
<b>Used facilities</b>	<b>7,511</b>	<b>7,501</b>
<b>Unused facilities</b>	<b>1,656</b>	<b>1,666</b>

## Note 30 Commitments

The Council has entered into the following commitments.

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
<b>2017</b>					
<b>Operating</b>					
Building maintenance	12,018	11,638	20,989	-	44,645
Garbage collection and recycling	8,366	8,366	13,265	-	29,997
Open space management	8,168	1,361	-	-	9,529
Community services	3,149	618	251	-	4,018
Cleaning contracts for Council buildings	1,462	1,462	975	-	3,899
Consultancies	550	506	1,304	-	2,360
Computers and technology	1,036	545	444	-	2,025
Operational services	877	414	34	-	1,325
<b>Total</b>	<b>35,626</b>	<b>24,910</b>	<b>37,262</b>	<b>-</b>	<b>97,798</b>
<b>Capital</b>					
Buildings	364	-	-	-	364
Roads	358	-	-	-	358
Parks, open spaces and streetscapes	322	-	-	-	322
<b>Total</b>	<b>1,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,044</b>
<b>Total</b>	<b>36,670</b>	<b>24,910</b>	<b>37,262</b>	<b>-</b>	<b>98,842</b>
<b>2016</b>					
<b>Operating</b>					
Building maintenance	11,323	11,288	31,676	-	54,287
Garbage collection and recycling	8,328	8,324	21,490	-	38,142
Open space management	8,383	8,168	1,361	-	17,912
Community services	3,052	2,533	679	-	6,264
Cleaning contracts for Council buildings	1,520	1,462	2,437	-	5,419
Consultancies	359	269	17	-	645
Computers and technology	1,940	821	709	-	3,470
Operational services	2,671	1,294	171	-	4,136
<b>Total</b>	<b>37,576</b>	<b>34,159</b>	<b>58,540</b>	<b>-</b>	<b>130,275</b>
<b>Capital</b>					
Buildings	3,771	-	-	-	3,771
Computers and telecommunications	312	-	-	-	312
Roads	205	183	-	-	388
Parks, open spaces and streetscapes	371	-	-	-	371
<b>Total</b>	<b>4,659</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>4,842</b>
<b>Total</b>	<b>42,235</b>	<b>34,342</b>	<b>58,540</b>	<b>-</b>	<b>135,117</b>

### C13 Developer Contributions Scheme

In 1998 the C13 Developer Contribution Scheme was signed off by Council to facilitate streetscape works to the value of \$8.082 million for works in Port Melbourne over a 20 year period commencing in the year 2000 to 2020. These estimates were indexed by CPI and the value of works to be completed at 1 July 2009 was determined to total \$11.387 million. At 30 June 2017, after further CPI adjustments and completion of works over the life of the scheme, works to the value of \$2.896 million are outstanding.

	\$'000	
	2017	2016
Value of works outstanding at 1 July	2,834	2,970
Works completed	-	(175)
	<b>2,834</b>	<b>2,795</b>
CPI adjustment (2.2% for 2016/2017)	62	39
<b>Value of works outstanding at 30 June</b>	<b>2,896</b>	<b>2,834</b>

## Note 31 Operating leases

### a) Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities. These obligations are not recognised as liabilities.

In 2017 the operating lease commitments also show the commitments for rented properties. The 2016 figure was reinstated accordingly.

	\$'000	
	2017	2016
Not later than one year	444	311
Later than one year and not later than five years	537	547
Later than five years	1	2
	<b>982</b>	<b>860</b>

### b) Operating lease receivables

Council has entered into leases and licences for some of the property it owns or controls as a Committee of Management for crown land. Properties used for commercial purpose are held under leases which have varying terms. Long term leases usually reflect significant private investment in the buildings on the land. Most leases include an annual rental increase and periodical reviews to market. Council also enters into licence agreements with stallholders at the South Melbourne Market.

Future minimum rentals receivables under non-cancellable operating leases are as follows:

	\$'000	
	2017	2016
Not later than one year	8,701	7,985
Later than one year and not later than five years	18,443	17,842
Later than five years	77,309	62,320
	<b>104,453</b>	<b>88,147</b>

## Note 32 Superannuation

**Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.**

### Accumulation

The Fund's accumulation categories, Vision MySuper / Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% as required under Superannuation Guarantee legislation).

### Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

### Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- net investment returns 7.0% pa
- salary information 4.25% pa
- price inflation (CPI) 2.5% pa.

Vision Super has reported that the estimated VBI at June 2017 was 103.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

### Employer contributions

#### Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.



### Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre - 1 July 1993 and post - 30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

### 2016 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

- a VBI surplus of \$40.3 million
- a total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

### 2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

### Future superannuation contributions

City of Port Phillip has not had to make any unfunded liability payments to Vision Super during the year (\$ nil for the 2015/16 year). There was \$7,000 in contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$356,000.

## Note 33 Contingent liabilities and contingent assets

### Contingent liabilities

#### Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 32. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

#### Professional indemnity

As a local authority with statutory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$300 million of professional indemnity insurance and had an excess of \$20,000 on this policy in 2016/2017. Therefore, the maximum liability of Council in any single claim is the extent of its excess. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

#### Legal matters

The Council is presently involved in a number of confidential legal matters which are being conducted through Council's solicitors. These matters are yet to be finalised and the financial outcome cannot be determined.

#### Public and products liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$400 million of public and products liability insurance and had an excess of \$20,000 for individual claims on this policy in 2016/2017. Therefore, the maximum liability of Council in any single claim is the extent of its excess. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

### Contingent assets

	\$'000	
	2017	2016
<b>Open space contributions</b>		
Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.	7,830	4,100

## Note 34 Financial instruments

### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

### (b) Market risk

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

### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions under the **Local Government Act 1989**. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product
- monitoring of return on investment, and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. Council have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- Council have a policy for establishing credit limits for the entities we deal with
- Council may require collateral where appropriate
- Council only invest surplus funds with financial institutions, which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 33.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required, or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have readily accessible standby facilities and other funding arrangements in place
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitor budget to actual performance on a regular basis.

The Council's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet and the amount is related to financial guarantees, and is deemed insignificant based on prior periods data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**(e) Fair value****Fair value hierarchy**

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +0.25% and -0.75% in market interest rates (AUD) from year-end rates of 2.62%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

## Note 35 Related party transactions

### (i) Related Parties

**Parent entity** - City of Port Phillip is the parent entity

**Subsidiaries and Associates** - Interests in subsidiaries and associates are detailed in Note 16.

### (ii) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

**Bernadene Voss** Mayor 10 November 2015 to current

**Andrew Bond** Councillor

**Katherine Copsey** Councillor from 22 October 2016

**Tim Baxter** Councillor from 22 October 2016

**Louise Crawford** Councillor from 22 October 2016

**Dick Gross** Councillor from 22 October 2016

**Marcus Pearl** Councillor from 22 October 2016

**Ogy Simic** Councillor from 22 October 2016

**David Brand** Councillor from 7 November 2016

**Amanda Stevens** Councillor to 21 October 2016

**Anita Horvath** Councillor to 21 October 2016

**Vanessa Huxley** Councillor to 21 October 2016

**Serge Thomann** Councillor to 21 October 2016

**Jane Touzeau** Councillor to 21 October 2016

	2017
Total number of Councillors	14
Chief Executive Officer and other Key Management Personnel	12
<b>Total Key Management Personnel</b>	<b>26</b>

**(iii) Remuneration of Key Management Personnel**

	\$'000
	2017
<b>Total remuneration of key management personnel</b>	
Short-term benefits	2,293
Post-employment benefits	185
Other long-term benefits	(21)
Termination benefits	39
<b>Total remuneration</b>	<b>2,496</b>

\* No prior year comparative data presented due to changes in the disclosure requirements taking effect from the 2016/17 financial year onwards

\*\* Amounts include annual leave and long service leave balance payouts due to senior staff ceasing employment with the City of Port Phillip during the financial year.

	2017
<b>The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:</b>	
\$0 - \$9,999	5
\$10,000 - \$19,999	1
\$20,000 - \$29,999	9
\$90,000 - \$99,999	1
\$110,000 - \$119,999	1
\$150,000 - \$159,999	1
\$160,000 - \$169,999	1
\$210,000 - \$219,999	1
\$230,000 - \$239,999	1
\$240,000 - \$249,999	1
\$250,000 - \$259,999	1
\$270,000 - \$279,999	1
\$290,000 - \$299,999	1
\$320,000 - \$329,999	1
	<b>26</b>

\* No prior year comparative data presented due to changes in the disclosure requirements taking effect from the 2016/17 financial year onwards.

**(iv) Transactions with related parties**

	\$'000
	2017
During the period Council entered into the following transactions with related parties.	
Funding deeds	
Payable to community groups following submission to the grants assessment panel and approval by Council	12



**(v) Outstanding balances with related parties**

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

**(vi) Loans to / from related parties**

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

**(vii) Commitments to / from related parties**

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party.

## Note 36 Senior Officer remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- has management responsibilities and reports directly to the Chief Executive Officer; or
- whose total annual remuneration exceeds \$142,000.

	2017	2016
<b>The number of Senior Officers are shown below in their relevant income bands:</b>		
\$139,000 - \$141,999	-	3
\$142,000 - \$149,999	4	6
\$150,000 - \$159,999	8	2
\$160,000 - \$169,999	8	6
\$170,000 - \$179,999	5	8
\$180,000 - \$189,999	5	1
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	-	2
\$260,000 - \$269,999	-	2
	<b>32</b>	<b>36</b>

	\$'000	
	2017	2016
<b>Total Remuneration for the reporting year for Senior Officers included above, amounted to</b>	<b>5,318</b>	<b>6,553</b>

\* Prior year comparative information differs from the 2016/17 disclosures due to changes in the accounting standard requirements taking effect from the 2016/17 financial year onwards. Refer to Note 35.

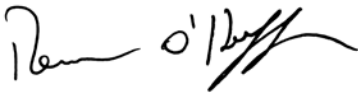
\*\* Amounts include annual leave and long service leave balance payouts due to senior staff ceasing employment with the City of Port Phillip during the financial year.

## Note 37 Events occurring after balance date

No matters have occurred after balance date, that require disclosure in the financial report.

## Certification of the financial report

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government (Planning and Reporting) Regulations 2014, Australian Accounting Standards and other mandatory professional reporting requirements.



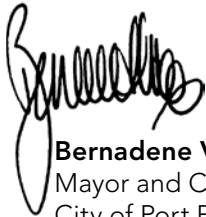
**Dennis O'Keeffe CA**  
Principal Accounting Officer

8 September 2017  
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 2017 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify the financial statements in their final form



**Bernadene Voss**  
Mayor and Councillor  
City of Port Phillip

8 September 2017  
St Kilda



**Katherine Copsey**  
Councillor

8 September 2017  
St Kilda



**Peter Smith**  
Chief Executive Officer

8 September 2017  
St Kilda

## Glossary

Item	Explanation
<b>Accrual accounting</b>	System of accounting where items are brought to account and included in the Financial Statements as they are earned or incurred, rather than as they are received or paid.
<b>Accumulated surplus</b>	The value of all net assets accumulated over time.
<b>AIFRS</b>	Australian equivalents to International Financial Reporting Standards.
<b>Asset expansion expenditure</b>	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to beneficiaries.
<b>Asset renewal expenditure</b>	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
<b>Asset upgrade expenditure</b>	Expenditure that: (a) enhances an existing asset to provide a higher level of service or (b) increases the life of the asset beyond its original life.
<b>Assets</b>	Future economic benefits controlled by Council as a result of past transactions or other past events.
<b>Bad and doubtful debts</b>	Bad debts written off and the movement in the bad debt provision for infringement debtors and sundry debtors.
<b>Balance sheet</b>	A quantitative summary of Council's financial condition at 30 June, including assets, liabilities and net equity.
<b>Borrowing costs</b>	Interest paid on borrowings.
<b>Capital expenditure</b>	Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.
<b>Cash and cash equivalents</b>	Cash and investments readily convertible to cash, including cash on hand, cash held in the bank, deposits at call and highly liquid investments.
<b>Contributions</b>	Contributions received by Council are received for the purpose of providing and improving public open space, provision / improvement of the drainage system and in relation to specific projects.
<b>Comprehensive Income Statement</b>	A financial statement highlighting the accounting surplus or deficit which highlights whether Council has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation expenditure. It also includes other comprehensive income items including net asset revaluation increment (decrement reversal) and share of other comprehensive income of associates and joint ventures accounted for by the equity method, to arrive at a 'comprehensive result'. The comprehensive result equates to the movement in net assets or total equity.
<b>Current assets</b>	Assets where Council expects to receive the future economic benefit within the next 12 months unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Item	Explanation
<b>Current liabilities</b>	Liabilities where Council expects to fulfil its obligation within the next 12 months unless the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date.
<b>Depreciation</b>	An expense which recognises the value of a fixed asset as it is used up over time.
<b>Employee benefits</b>	Relates to wages and salaries, casual staff payments, annual leave, long service leave, superannuation, fringe benefits tax, WorkCover and redundancy payments.
<b>Equity</b>	The residual interest in the assets of Council after deduction of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.
<b>Expense</b>	An outgoing payment made by Council.
<b>Financing activities</b>	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity and borrowings not falling within the definition of cash.
<b>Fixed assets</b>	See Property, infrastructure, plant and equipment.
<b>Grants - non-recurrent</b>	Grant income received for a 'one off' specific purpose, generally for a particular project.
<b>Grants - recurrent</b>	Grant income received on a regular basis (i.e. quarterly, annually) and granted to Council by another entity for specific or general purposes.
<b>Income</b>	Income is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.
<b>Infrastructure</b>	Non-current property, plant and equipment excluding land.
<b>Interest</b>	Includes interest earned on all cash and investment balances, interest earned on rates and unrealised gains on managed fund investments.
<b>Interest bearing loans and borrowings</b>	Council's borrowings.
<b>Investing activities</b>	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
<b>Liabilities</b>	Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.
<b>Materials and administrative costs</b>	Expenditure incurred in relation to building maintenance, general maintenance, plant and equipment maintenance, office and administration, insurance, registration and Metropolitan Fire Brigade levy, financial and legal costs and information technology costs.
<b>Changes in equity for the period</b>	The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
<b>Net asset revaluation increment (decrement)</b>	This represents the increase (decrease) between the old valuation and new valuation of property and infrastructure asset classes, which were re-valued during the year.

Item	Explanation
<b>Net assets</b>	The difference between total assets and total liabilities, which represents Council's net worth. Net assets are also equal to total equity.
<b>Net gain (loss) on disposal of property, plant and equipment, infrastructure</b>	The net of income received in relation to the sale of assets and the carrying amount of assets sold, replaced or disposed of during the year.
<b>New asset expenditure</b>	Expenditure that creates a new asset that provides a service that does not currently exist.
<b>Non-current assets</b>	Assets where the future economic benefit is not expected to be received within the next twelve months or where the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
<b>Non-current assets classified as held for sale</b>	Non-current assets that Council intends to sell within the next twelve months.
<b>Non-recurrent grants</b>	Means a grant obtained on the condition that it is expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan.
<b>Non-current liabilities</b>	Liabilities where the obligation is not expected to be fulfilled within the next 12 months or where Council has a right to defer settlement of the liability for at least 12 months after reporting date.
<b>Other expenses</b>	Includes auditors' remuneration, Councillors' allowances, operating lease rentals, impairment losses, community grants and contributions, training and professional development expenditure, contract settlement expenditure and expenditure incurred in relation to special rate schemes.
<b>Other income</b>	Income received from donations, insurance recoveries, craft markets, festivals, local laws, right-of-way sales, transport and other sources.
<b>PERIN</b>	Refers to Penalty Enforcement by Registration of Infringement Notice. A system established under Schedule 7 of the Magistrates Court Act 1989 (Vic) to deal with unpaid fines.
<b>Prepayments</b>	Payments made by Council in advance of receiving the goods or services.
<b>Property, infrastructure, plant and equipment</b>	Often referred to as Fixed Assets. This is the largest component of Council's asset base or worth. This represents the value of all land, buildings, roads, footpaths, drains, bridges, vehicles, plant and equipment and so on, which are recorded on Council's asset register.
<b>Provisions</b>	Includes accrued long-service leave, annual leave, sick leave and rostered days off owing to employees at reporting date.
<b>Rate and charges</b>	Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.
<b>Recurrent grant</b>	A grant other than a non-recurrent grant.
<b>Reserves</b>	Includes the asset revaluation reserve which includes the net revaluation increments and decrements arising from the revaluation of fixed assets in accordance with AASB 1041 'Revaluation of Non-Current Assets'. Other reserves include statutory reserves such as resort and recreation and carpark and general reserves where money is held in reserve for specific projects.



Item	Explanation
<b>Restricted cash</b>	Cash and cash equivalents, within the meaning of AAS, that are not available for use other than a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
<b>Right-of-way</b>	Former laneway no longer required for access to surrounding properties.
<b>Share of net profits (losses) of associates and joint ventures</b>	Council's share of the net profit / loss recognised in its joint venture partnerships.
<b>Statement of capital works</b>	Means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type.
<b>Statement of cash flows</b>	The statement of cash flows shows the net cash inflows and outflows in the forthcoming year in the form of a reconciliation between the opening and closing balances of total cash and investments for the year. The cash flow statement should be prepared in accordance with the requirements of AASB 107 Statement of Cash Flows.
<b>Statement of changes in equity</b>	The statement of changes in equity shows the movement in Accumulated Surplus and reserves for the year. The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
<b>Statutory fees and fines</b>	Includes parking infringements and costs, PERIN court recoveries, town planning fees, land information certificates and trader parking and street furniture permits.
<b>Statutory reserves</b>	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
<b>Strategic Resource Plan</b>	Means the Strategic Resource Plan prepared by Council under Section 126 of the Act.
<b>Surplus (deficit)</b>	Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of associates and joint ventures accounted for by the equity method.
<b>Trade and other payables</b>	Monies owed by Council to other entities / individuals.
<b>Trade and other receivables</b>	Monies owed to Council by ratepayers and other parties less provisions for doubtful debts.
<b>Trust funds and deposits</b>	Monies received by Council for a specific purpose, which are to be refunded upon a specific event occurring (e.g. Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.
<b>Unrestricted cash</b>	Unrestricted cash represents all cash and cash equivalents other than restricted cash.
<b>User fees</b>	Income received by Council from a variety of fees and charges such as aged and health services fees, animal and local law fines and registrations, building permits and other charges, childcare / children's program fees, debt collection recovery charges, debt collection recovery charges, election fines, recreation fees, library fines and other charges and tow-away charges.



# Independent Auditor's Report

## To the Councillors of Port Phillip City Council

<b>Opinion</b>	<p>I have audited the financial report of Port Phillip City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2017</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including a summary of significant accounting policies</li> <li>• certification of the financial report.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Tim Loughnan

as delegate for the Auditor-General of Victoria

MELBOURNE  
12 September 2017

# Performance statement

For year ended 30 June 2017

**Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014.**

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the financial statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year, the prescribed financial performance indicators and measures and the results forecast by the Council's Strategic

Resource Plan. The **Local Government (Planning and Reporting) Regulations 2014** requires explanation of any material variations in the results contained in the performance statement. Explanations are provided where the previous results are outside a ten per cent materiality threshold.

The forecast figures included in the performance statement are those adopted by Council in its Strategic Resource Plan on 21 June 2017 and forms part of the Council Plan 2017-27.

The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan is available on our website.

## About the City of Port Phillip

The City of Port Phillip is located south of Melbourne's city centre on the northern shore of Port Phillip Bay. The foreshore stretches over 11 kilometres. A network of public open spaces makes the City a desirable place for residents and visitors to enjoy. Significant employment areas within Port Phillip include the St Kilda Road office district, and the industrial, warehousing and manufacturing districts in South Melbourne, Port Melbourne and Fishermans Bend.

The City of Port Phillip is one of the smallest and most densely populated municipalities in Victoria, covering an area of 20.6 kilometres and being home to 108,472 people. Our population will continue to grow with Fishermans Bend expecting to be home to around 80,000 residents and provide jobs for 40,000 over the next four decades.

## Sustainable capacity indicators

For the year ended 30 June 2017

Service / indicator / measure			Result
	2015	2016	2017
<b>Population</b>			
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,701.51	\$1,737.12	\$1,818.52
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$5,516.95	\$5,528.54	\$5,739.61
Population density per length of road [Municipal population / Kilometres of local roads]	364.05	396.77	401.75
<b>Own-source revenue</b>			
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,573.38	\$1,668.41	\$1,730.46
<b>Recurrent grants</b>			
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$111.46	\$85.52	\$110.68
<b>Material variation explanation</b>			
Recurrent grants increased from prior year due to the early receipt of the 2017/18 Victorian Grants Commission instalments of \$1.32 million. The first instalment for 2015/16 was received in 2014/15, resulting in a significant decrease in the 2015/16 grants received.			
<b>Disadvantage</b>			
Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00

### Definitions

**"adjusted underlying revenue"** means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

**"infrastructure"** means non-current property, plant and equipment excluding land

**"local road"** means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

**"population"** means the resident population estimated by council

**"own-source revenue"** means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

**"relative socio-economic disadvantage"**, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

**"SEIFA"** means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

**"unrestricted cash"** means all cash and cash equivalents other than restricted cash.



# Service performance indicators

For the year ended 30 June 2017

Service / indicator / measure	2015	2016	Result 2017
<b>Animal Management</b>			
<b>Health and safety</b>	4	5	2
Animal management prosecutions [Number of successful animal management prosecutions]			
<b>Material variation explanation</b>			
Successful animal management prosecutions have decreased compared with the previous two years indicating an improvement in the effectiveness of our animal management service.			
<b>Food Safety</b>			
<b>Health and safety</b>	95.55%	99.11%	99.28%
Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100			
<b>Governance</b>			
<b>Satisfaction</b>	60	59	57
Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]			
<b>Home and Community Care (HACC)</b>			
<b>Participation</b>	22.22%	20.2%	Reporting ceased 1 July 2016
Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100			
<b>Explanation</b>			
Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs			
<b>Participation</b>	16.79%	14.7%	Reporting ceased 1 July 2016
Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100			
<b>Explanation</b>			
Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs			
<b>Libraries</b>			
<b>Participation</b>	20.14%	19.4%	19.21%
Active library members [Number of active library members / Municipal population] x100			

Service / indicator / measure			Result
	2015	2016	2017
<b>Maternal and Child Health (MCH)</b>			
<b>Participation</b>	83.55%	84.22%	<b>82.89%</b>
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100			
<b>Participation</b>	69.05%	87.23%	<b>84.48%</b>
Participation in the MCH service by Aboriginal children Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100			
<b>Roads</b>			
<b>Satisfaction</b>	73	70	<b>70</b>
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]			
<b>Statutory Planning</b>			
<b>Decision making</b>	73%	71%	<b>70%</b>
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100			
<b>Explanation</b>	The 2014/15 result has been restated changing it from 79% because it was identified in the previous year that Council needed to change how it was applying the definition.		
<b>Waste Collection</b>			
<b>Waste diversion</b>	34.5%	34.1%	<b>32.94%</b>
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100			

## Definitions

**"Aboriginal child"** means a child who is an Aboriginal person

**"Aboriginal person"** has the same meaning as in the Aboriginal Heritage Act 2006

**"active library member"** means a member of a library who has borrowed a book from the library

**"annual report"** means an annual report prepared by a council under sections 131, 132 and 133 of the Act

**"CALD"** means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

**"class 1 food premises"** means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

**"class 2 food premises"** means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

**"Community Care Common Standards"** means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

**"critical non-compliance outcome notification"** means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

**"food premises"** has the same meaning as in the Food Act 1984

**"HACC program"** means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

**"HACC service"** means home help, personal care or community respite provided under the HACC program

**"local road"** means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

**"major non-compliance outcome notification"** means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

**"MCH"** means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

**"population"** means the resident population estimated by council

**"target population"** has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

**"WorkSafe reportable aquatic facility safety incident"** means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

# Financial performance indicators

For the year ended 30 June 2017

Service / indicator / measure	Result						Forecast
	2015	2016	2017	2018	2019	2020	2021
<b>Efficiency</b>							
<b>Revenue level</b>	\$1,359.31	\$1,434.05	<b>\$1,429.76</b>	\$1,513.23	\$1,546.50	\$1,583.78	\$1,624.52
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]							
<b>Expenditure level</b>	\$2,623.49	\$2,619.67	<b>\$2,798.66</b>	\$2,952	\$2,742	\$2,788	\$2,840
Expenses per property assessment [Total expenses / Number of property assessments]							
<b>Workforce turnover</b>	9.95%	10.43%	<b>10.00%</b>	10.00%	10.00%	10.00%	10.00%
Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100							
<b>Liquidity</b>							
<b>Working capital</b>	220.88%	243.22%	<b>231.65%</b>	201.89%	213.08%	216.63%	193.65%
Current assets compared to current liabilities [Current assets / Current liabilities] x100							
<b>Material variation explanation</b>							
Council can comfortably meet its short term financial commitments. The 2016/17 result has declined slightly due to the impact of the \$6.33 million land purchase for 2-4 Buckhurst Street, South Melbourne which was recognised as a prepayment in the prior year. The title of the land and control of this asset transferred to Council on 1 July 2016 and is now recognised in Council's non-current property, infrastructure, plant and equipment. In future years Council expects to continue to comfortably meet its short term commitments however the ratio is expected to decrease going forward as cash and investment balances decline as a direct result of Council funding the capital works program which is forecasted to increase year on year.							
<b>Unrestricted cash</b>	15.35%	-10.44%	<b>-41.14%</b>	81.64%	93.82%	94.39%	94.83%
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100							
<b>Material variation explanation</b>							
Historical data has been restated from 104.44% to -10.44% to reflect a change in legislative reporting requirements to exclude current financial assets. Council's unrestricted cash has increased to -41.14% due to more funds being placed in longer term investments in the current financial year. Including current financial assets, Council has \$74.59 million of cash and investments, with \$13.76 million of this restricted, placing Council in a strong position to meet its financial obligations which is reflected in the current assets / current liabilities ratio. The forecast ratios differ from those in the adopted budget due to the change in the calculation of the indicator for the purposes of 2016/17 financial reporting. In future years Council is forecasting increases in this ratio as we expect to be holding more money in short term investments to meet the requirements to fund ongoing capital works.							

Service / indicator / measure	Result						Forecast
	2015	2016	2017	2018	2019	2020	2021
<b>Obligations</b>							
<b>Asset renewal</b>	73.23%	71.91%	<b>91.98%</b>	83.68%	89.78%	87.24%	83.98%
Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100							
<b>Loans and borrowings</b>							
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	8.47%	8.02%	<b>7.47%</b>	7.44%	7.14%	6.84%	6.54%
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.97%	0.98%	<b>0.92%</b>	0.96%	0.93%	0.89%	0.86%
<b>Indebtedness</b>							
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	6.65%	6.40%	<b>5.85%</b>	5.84%	5.65%	5.50%	1.81%
<b>Operating position</b>							
<b>Adjusted underlying result</b>	-0.64%	1.03%	<b>1.25%</b>	-9.28%	3.51%	3.74%	4.47%
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100							

### Material variation explanation

This result improved slightly from prior year due to favourable increases in income received across all categories and favourable reductions in expenditure for borrowing costs and other expenses. These favourable movements offset the significant increases in capital expenditure transferred to operating expense and increased employee costs. The forecasted negative result in 2017/18 is due to an expected operating deficit as a result of one-off payments expected for Council's cash contribution to the Pride Centre of \$8.95 million, and \$5.3 million for the Ferrars Street Precinct project works as well as additional property disposals of \$6.1million. From 2018/19 onwards we are expecting to achieve favourable results due to no significant items and increases in line with CPI.

### Stability

<b>Rates concentration</b>	60.23%	61.21%	<b>58.67%</b>	60.19%	59.89%	60.26%	60.34%
Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100							
<b>Rates effort</b>	0.22%	0.23%	<b>0.20%</b>	0.19%	0.19%	0.19%	0.19%
Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100							

### Material variation explanation

This result has slightly decreased due to the 2.5 per cent increase in Council rates in 2016/17, compared to the significant increase in municipal property values of 16 per cent following the revaluation on 1 January 2016.

### Definitions

"adjusted underlying revenue" means total income other than:

- non-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

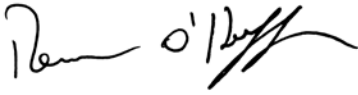
"current assets" has the same meaning as in the AAS (Australian Accounting Standards)

"current liabilities" has the same meaning as in the AAS (Australian Accounting Standards)

"non-current assets" means all assets other than current assets

## Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the Local Government Act 1989, the Local Government (Planning and Reporting) Regulations 2014.



**Dennis O'Keeffe CA**  
Principal Accounting Officer

8 September 2017  
St Kilda

In our opinion, the accompanying performance statement of the City of Port Phillip for the year ended 30 June 2017 presents fairly the results of Council's performance in accordance with the Local Government Act 1989, the Local Government (Planning and Reporting) Regulations 2014.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.



**Councillor Bernadene Voss**  
Mayor  
City of Port Phillip

8 September 2017  
St Kilda



**Councillor Katherine Copsey**  
Deputy Mayor

8 September 2017  
St Kilda



**Peter Smith**  
Chief Executive Officer

8 September 2017  
St Kilda





# Independent Auditor's Report

## To the Councillors of Port Phillip City Council

### Opinion

I have audited the accompanying performance statement of Port Phillip City Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2017
- sustainable capacity indicators for the year ended 30 June 2017
- service performance indicators for the year ended 30 June 2017
- financial performance indicators for the year ended 30 June 2017
- other information and
- the certification of the performance statement.

In my opinion, the performance statement of Port Phillip City Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the *Local Government Act 1989*.

### Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the *Auditor's responsibilities for the audit of the performance statement* section of my report.

My independence is established by the *Constitution Act 1975*. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Councillors' responsibilities for the performance statement

The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 1989* and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.


**Auditor's responsibilities for the audit of the performance statement**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Tim Loughnan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
12 September 2017

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# Contact us

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## Contact your Councillors

### Canal Ward

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**Councillor Dick Gross**

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### Gateway Ward

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**Councillor Bernadene Voss**  
(Mayor)

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### Lake Ward

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**Councillor David Brand**

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**Councillor Katherine Copsey**  
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PO St Kilda, VIC 3182

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If you require a large print version  
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#### Language assistance

廣東話	9679 9810	Ελληνικά	9679 9811
普通話	9679 9858	Русский	9679 9813
Polska	9679 9812	Other	9679 9814

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who are deaf or have a  
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If you are deaf or have a hearing or speech  
impairment, you can phone us through the  
National Relay Service (NRS):

- TTY users dial **133677**, then ask for  
**03 9209 6777**
- Speak & Listen users phone **1300 555 727**,  
then ask for **03 9209 6777**

For more information - [www.relayservice.gov.au](http://www.relayservice.gov.au)