



2010/11

Annual Report

www.portphillip.vic.gov.au

Contact information



Council offices

Enquiry counter and cashier for paying fees and rates.

ST KILDA TOWN HALL

Corner Carlisle Street and Brighton Road, St Kilda

Monday: 8.30am – 6pm

Tuesday – Friday: 8.30am – 5pm

SOUTH MELBOURNE TOWN HALL

208 Bank Street, South Melbourne

Monday – Friday: 8.30am – 5pm

PORT MELBOURNE TOWN HALL

333 Bay Street, Port Melbourne

Monday – Friday: 8.30am – 5pm

POSTAL ADDRESS

City of Port Phillip
Private Bag 3, St Kilda,
Victoria, Australia 3182

Call centre

Monday	8am – 6pm
Tuesday – Friday	8am – 5.30pm

General enquiries	(03) 9209 6777
Rates	(03) 9209 6777
Planning	(03) 9209 6424
Building	(03) 9209 6253
Parking fines	(03) 9611 7660
Waste management	(03) 9209 6533
Facsimile	(03) 9536 2722
Website	www.portphillip.vic.gov.au
Email	assist@portphillip.vic.gov.au
SMS for the hearing impaired	0432 005 405

If you are deaf, hearing or speech impaired and need to contact us please use the National Relay Service.

*Council pays its respects to the people and elders,
past and present, of Yalukit Willam and the Kulin Nation.
We acknowledge and uphold their relationship to this land.*

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Welcome to the 2010/11 Annual Report

This report outlines Council's activities for the financial year ending June 30, 2011. It opens with an overview of Council and the organisation, followed by detailed information about our performance. It finishes with detailed financial information about Council's activities.

Information about Council's performance is structured around Council's four strategic directions outlined in the Council Plan 2009-2013. Each strategic direction includes information on our performance against the strategic indicators as well as key activities undertaken during the year.

Council is committed to communicating its achievements and activities in an accessible and environmentally sustainable manner. With this in mind, this Annual Report is designed to be primarily distributed online. Key information regarding Council's activities is available in a complementary but separate Annual Report Summary. The summary will be widely distributed.



Mayor and CEO Message



Cr Rachel Powning
Mayor, City of Port Phillip



Kay Rundle
CEO, City of Port Phillip

It is with great pleasure that we present the achievements of the past year. As we reflect on the second year of the Council Plan 2009-2013 it is clear that we are taking the right steps toward a more sustainable future as part of our continued commitment to our four strategic directions:

Engaging and Governing the City; Taking Action on Climate Change; Strengthening our Diverse and Inclusive Community and Enhancing Liveability.

Key policies adopted by Council this year include the Climate Adaption and Water Plans, Outdoor Events Policy and Commercial Recreational Activities Policy, and the Responsible Gambling Policy.

Council was delighted to receive coastal consent for the Marina Reserve Masterplan that will see a great new skateable space for families to enjoy. A picnic area and BBQs, a new loop walking and bicycle path, a new toilet and environmental features will also form part of the improvements.

Construction has started on the St Kilda Family and Children's Centre, marking a crucial step to increasing the number of high quality childcare places available in the City of Port Phillip. We are also looking forward to the construction of the Liardet St Children's Hub in 2012.

Sustainability remains a key priority for Council and members of the community continue to get involved, with 2,500 people participating in one or more of Council's sustainability programs during the past year. We also participated in a trial of a new electric car as part of the Department of Transport's Electric Vehicle Trial. Climate proofing of the city is underway, with a community leaders, training course for residents on how to increase their confidence and skills to enable them to make contributions to their own community.

In the area of transport we were thrilled to achieve a bi-partisan commitment to funding the upgrade of Balaclava Station, and look forward to this project commencing in 2012.

Council is committed to supporting our diverse community by ensuring our services are accessible, inclusive and equitable. We hosted the annual Pride March, organised the South Melbourne Youth Festival, and continue to be proud contributors to the annual Seniors' Festival. We have also continued to celebrate

NAIDOC week, Reconciliation Week, and Yalukit Willam Ngargee as part of the annual St Kilda Festival. Council continues to support ethnic diversity through our support of events such as the Diversity Day Festival, Multicultural Women's Day, Refugee Week and Festival, and the Multifaith Festival.

Other improvements around the municipality include landscaping at St Kilda West Beach, foreshore upgrades at Sandridge Beach and the St Kilda Botanical Gardens underwent a makeover to mark the 150th Anniversary with the installation of new gates designed by local artist David Wood.

Good governance continues to be a strong priority. This year Council elected to undertake a self-assessment review of our governance and have publicly committed to thirteen actions to improve our practices. Council efforts were recognised in November 2010 when we were awarded the inaugural Victorian Local Government Association's John Jago Award for Good Governance.

We are proud to be the first bayside municipality to introduce the No Cuts, No Butts campaign to improve the safety of our open spaces and care for our bay and foreshore. The message of the campaign was "It's not cool to bring ciggies or stubbies onto the sand".

Council looks forward to another productive year in 2011 with projects to be implemented such as the adoption of our Social Justice Charter for Port Phillip, the completion of the Port Melbourne UDF, the beginning of new conversations with the community to draft a vision for the St Kilda Triangle site, and ongoing consultations on the operations plan and design concepts for Marina Reserve, to name a few.

The following Annual Report outlines the financial year 2010-11. We are proud to present our achievements and financial standing for the year.

Our Community

Located on the northern shore of Port Phillip Bay, south of the Melbourne city centre, the City of Port Phillip is known for its urban village feel, strip-shopping, tree-lined streets and artistic expression. Over 90,000 people live in Port Phillip and the city attracts approximately 4 million visitors each year.

The character of the city is marked by a richness of diversity and hosts many of Victoria's most celebrated and innovative cultural events, recreational facilities, restaurants and entertainment venues for people to enjoy.

Port Phillip is home to the major village precincts of Bay Street, Port Melbourne, Clarendon Street, South Melbourne, Fitzroy and Acland Streets, St Kilda and Carlisle Street, Balaclava. Each has its own character and cultural expression.

Significant employment areas also sit within Port Phillip, including the St Kilda Road office district and the industrial, warehousing and manufacturing districts in South Melbourne and Port Melbourne.

As a sought-after inner city area, Port Phillip's neighbourhoods are bustling centres that continue to experience significant residential development with an expected increase of 18,000 households (28,000 people) over the next 20 years.

Port Phillip's population is diverse with almost two thirds of Port Phillip's resident population aged between 25 and 49 and over 16 per cent from a non-English speaking background.



City profile

Estimated population in 2010 [∞]	97,249
Average household size in 2006 [†]	1.88
Declared rates (2010-2011)	\$81,801,000
Rateable properties	62,867
Residential buildings	55,376
Commercial/industrial buildings	7,491
Non-rateable properties	502
Area of land	20.62km ²
Beaches	9km ²
Parks and open space	176ha
Length of roads	221km
Length of bike paths	63.5km
Length of foreshore	10.64km

Schools	17
Kindergartens	16
Child care centres	23
SIGNIFICANT SITES	
Aboriginal* [‡]	3
European heritage [‡]	163

[∞] Source: The Australian Bureau of Statistics
[†] Source: Census of Population and Housing 2006
^{*} Source: Aboriginal Affairs Victoria
[‡] Source: Victorian Heritage Register



Our Services

Family, Youth & Children

MATERNAL AND CHILD HEALTH

TOTAL BIRTHS	1,345
Community immunisation sessions	80
Attendances by infants/children to immunisation sessions	2,835

CHILDREN'S SERVICES

Vacation care enrolments	2,258
Children's camps	4
Total children's camp enrolments	92
JCAA program enrolments	1,000
Home-based child care staff	15
Children utilising home-based child care	183

CHILD CARE (LONG DAY CARE) PLACES

TOTAL	689
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COMMUNITY MANAGED

Ada Mary A'Beckett Children's Centre	105
Albert Park College Child Care Centre	36
Clarendon Children's Centre Co-operative	40
Eildon Road Children's Centre	40
Elwood Children's Centre	35
Kids Station (exc. Little Red Beatles)	60
Poets Grove Family & Children's Centre	60
South Melbourne Childcare Co-operative	40
The Avenue Children's Centre	38

COUNCIL MANAGED

Clark Street Children's Centre	65
Coventry Children's Centre	60
North St Kilda Children's Centre	75
St Kilda Children's Centre	35

KINDERGARTEN PLACES

TOTAL	338
Albert Park	48
Civic	23
Lady Forster	50
Lillian Cannam	48
Middle Park	24
Poets Grove	30
South Melbourne Mission	30
St Kilda & Balaclava	55
Uniting Church	30

FAMILY SUPPORT

Government grant value	\$196,937
Target hours	2,470

Diversity & Ageing

Active clients	1,972
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AGED AND DISABILITY SERVICES

General home care	35,427 hours
Meal preparation	425 hours
Personal care	8,455 hours
Home maintenance service	4,122 hours
Respite care – individual visits	3,505
Home-based respite care – number of families	54
Respite care	9,760 hours
Shopping	7,006 hours
Core social support hours	7,327 hours
High priority social support hours	8,720 hours
Delivered meals	39,468
Delivered meals number of clients	184
Recipients cost per meal	\$7.40
Centre-based meals	2,376
Meals subsidised	79,290
Total meals provided	121,134

COMMUNITY TRANSPORT

Community bus – trips made	2,008
Routes	2
Runs	8
Stops	104
Passengers per annum	30,677

Culture & Leisure

LIBRARIES

Programs run	567
Program attendees	41,495
New books bought yearly	31,129
Inter library loans	6,698
Total loans	894,200
Total visits	656,457
St Kilda Library:	
Loans	579,372
Visits	348,497
Albert Park Library:	
Loans	146,339
Visits	129,452
Emerald Hill Library:	
Loans	34,641
Visits	55,755
Middle Park Library:	
Loans	16,910
Visits	16,578
Port Melbourne Library:	
Loans	116,938
Visits	106,175

ARTS AND FESTIVALS

Community Celebrations (festivals)	7
Filming permits issued	251

SPORT FACILITY BOOKINGS

TOTAL	3,638
Wattie Watson Oval	348
Esplanade Oval / cricket ground	347
Head Street cricket ground A	298
Head Street cricket ground B	237
Peanut Farm Oval	352
Alma Park Oval	271
Lagoon Oval	213
Anderson Oval 1	336
Anderson Oval 2	336
G.S. Williams Oval	150
A.T. Aanenson Oval	221
J.M. Woodruff Oval	224
North Port Oval	233
Synthetic Pitch	72

Community Development

COMMUNITY CENTRES

TOTAL	12
Visitors	23,1243
Bookings	12,053
Permanent group bookings (HACC, Community Groups)	155
Permanent semi commercial	37
Casual hire	1,055

Infrastructure Services

Road resurfacing budget	\$1.455M
Maintenance budget	\$20.865M
Roads to Recovery Funding	\$200k
Length of roads maintained	353 km
Area of ovals mowed (seasonal)	16 ha/wk
Reserves and gardens maintained	167.5 ha
Vehicles maintained	131
Weekly waste collection pickups	36,244
Weekly recycling collection pickups	31,325
Hard and green waste collections	11,700
Drainage pits inspected	10,620
Playground inspections	2,756

Sustainability

The number of participants in City of Port Phillip-run Sustainability Programs	2,732
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Maternal and Child Health nurses provide support to the families of 1,345 babies born in the city.



Council maintains over 176 hectares of parks and open space.



Every week, Council picks up almost 70,000 waste and recycling bins.



This year 183 children used Council's homecare services.

Town Planning

PLANNING APPLICATIONS

TOTAL APPROVED	1,240
Cancelled	14
Withdrawn (by applicant)	25
No permit required	35
Notice of decision	328
Refusals	59
Vacated	9
Lapsed	21

Municipal Laws

HEALTH SERVICES

Registered premises inspections	2,796
Food samples analysed	260
Prescribed accommodation inspections	115
Hairdresser, tattooist and beauty parlour inspections	168
Discarded syringes collected through syringe disposal containers and the Community Clean-up program	46,184
Public health nuisance	372
Food related	156

ANIMAL REGISTRATIONS

Dogs	5,818
Cats	3,149
Impounded dogs	197
Impounded cats	115

SERVICE REQUESTS

Stray cat (feral or trespassing)	98
Dogs (wandering at large)	81
Dog attack	59
Barking dog	321
Parking complaint (officer)	58
Abandoned vehicles	1,222
Unsightly property	113
Commercial and business litter	154
Construction site litter	114
Other litter	186

PERMITS ISSUED

Disabled - Blue	1,666
Disabled - Green	48
A-frames	194
Bulk rubbish containers (Skip Bins)	2,200

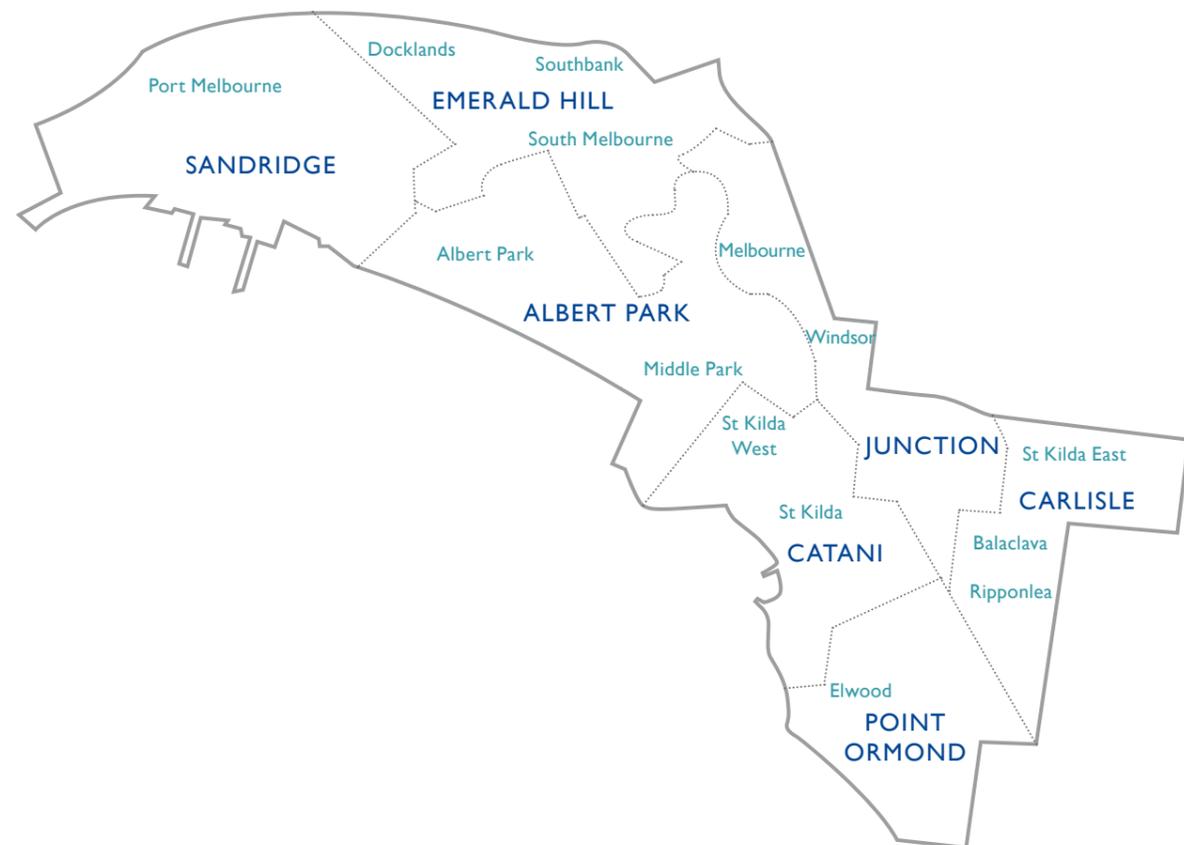
INFRINGEMENT NOTICES

Parking enforcement	178,013
Local law	279
Animal management	129

City of Port Phillip Council

Council is responsible for the stewardship and corporate governance of the organisation. Collectively, the Councillors set the strategic direction for the organisation.

On 29 November 2008 the Port Phillip community elected this Council for a four-year term. The municipality is divided into seven wards, represented by one Councillor in each ward. The seven Councillors are the elected representatives of all residents and ratepayers across the city. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.



Councillor Representations



Cr Rachel Powning

Mayor: December 2010 – present

Deputy Mayor: July 2010 – December 2010

CARLISLE WARD

Representations: Audit Committee, Friends of Suai Community Taskforce, Port Melbourne Waterfront Urban Design Framework Community Reference Committee, Inner South Metropolitan Mayors Forum, Municipal Association of Victoria (Reserve), Victorian Local Governance Association, Inner Melbourne Action Plan Committee (with Stonnington, Melbourne and Yarra Councils), Neighbourhood Programs Committee, Statutory Planning Committee



Cr Serge Thomann

CATANI WARD

Representations: Animal Management Community Reference Group, Cultural Development Fund Committee, Esplanade Market Advisory Group, Friends of Suai Community Taskforce, Heritage Recognition Program Steering Committee, J L Murphy Reserve Community Reference Group, Multicultural Forum, Neighbourhood Programs Committee, Statutory Planning Committee, St Kilda Tourism Association



Cr Janet Bolitho

SANDRIDGE WARD

Representations: Hindmarsh Steering Committee, J L Murphy Reserve Community Reference Group, Port Melbourne Waterfront Urban Design Framework Community Reference Committee, Association of Bayside Municipalities, Inner Melbourne Community Road Safety Council, MAV Strategic Environment Advisory Group, MAV Transport & Infrastructure Advisory Group, Foreshore Management Plan Community Reference Group, Statutory Planning Committee



Cr Judith Klepner

ALBERT PARK WARD

Representations: Audit Committee, Foreshore Management Plan Community Reference Group, Older Persons Consultative Committee, Sustainable Environment Community Reference Committee, Healthy & Safer Cities Alliance, MAV Planning Advisory Group, South Melbourne Market Management Committee, Statutory Planning Committee, Melbourne Sports and Aquatic Centre Advisory Committee



Cr Jane Touzeau

POINT ORMOND WARD

Representations: Community Grants Assessment Panel, Civic Projects and Citizens of the Year Panel, Community Pulse Steering Committee, Hindmarsh Steering Committee, Rupert Bunny Foundation Subcommittee, Sustainable Environment Community Reference Committee, MAV Strategic Environment Advisory Group, MAV Transport & Infrastructure Advisory Group (Reserve), Victorian Local Governance Association (Reserve), Art Acquisition Reference Committee, Statutory Planning Committee



Cr John Middleton

JUNCTION WARD

Representations: Melbourne Sports and Aquatic Centre Advisory Committee, Sustainable Environment Community Reference Committee, Municipal Association of Victoria, Metropolitan Transport Forum, Metropolitan Waste Management Group, South Melbourne Market Management Committee, Statutory Planning Committee



Cr Frank O'Connor

Mayor: July 2010 –

December 2010

EMERALD HILL WARD

Representations: Audit Committee, Multi-Faith Network Steering Committee, Port Phillip Housing Association Ltd – Board of Directors, South Melbourne Market Management Committee, Civic Projects and Citizens of the Year Panel, Community Grants Assessment Panel, Esplanade Market Advisory Group, Statutory Planning Committee

Good Governance at the City of Port Phillip

Commitment to Good Governance

Council has a strong commitment to meeting high standards of democratic and corporate governance. The drive to improve governance is cemented in the Council Plan under the first strategic direction “*Engaging and Governing the City*”.

In 2010 Council undertook a governance review to further identify opportunities for improving governance practice and to continually build the community’s confidence and trust in Council. This self-assessment process resulted in publicly committing to thirteen actions to improve.

Council’s commitment to good governance beyond legislative requirements was also recognised in December 2010 when Council received the inaugural VLGA Good Governance Award.

An open and engaging Council

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

Council actively seeks to engage the community on key issues of significance to Council decisions. Examples include supporting input from 27 Community Reference Groups, Council “Conversation Tents” held across the city, and seeking input from broad cross-sections of the community through improved community consultation practices, including the use of online mediums.

Council also encourages community participation in Council meetings through opportunities to be present and heard without time restrictions. Changes made to improve community engagement in Council meetings include meetings now being rotated between each Town Hall.

Confidential reports are also kept to a minimum. Every effort is made to ensure the majority of decisions are considered in open Council meetings, including tenders and legal matters.

Dates and venues for Council and committee meetings are advertised in the local media and on Council’s website. Urgent special meetings are occasionally called, and in this rare event every effort is made to broadly publicise the meeting.

Over the last year, Council has continued its commitment to genuinely involving people and ensuring decisions are made in the best interests of the whole community, now and into the future.

Council meeting dates 2010/11

ORDINARY MEETING OF COUNCIL

Monday 12 July 2010	South Melbourne Town Hall
Monday 26 July 2010	St Kilda Town Hall
Monday 9 August 2010	Port Melbourne Town Hall
Monday 23 August 2010	St Kilda Town Hall
Monday 13 September 2010	South Melbourne Town Hall
Monday 27 September 2010	St Kilda Town Hall
Monday 11 October 2010	Port Melbourne Town Hall
Monday 25 October 2010	St Kilda Town Hall
Monday 8 November 2010	South Melbourne Town Hall
Monday 22 November 2010	St Kilda Town Hall
Monday 13 December 2010	Port Melbourne Town Hall
Monday 14 February 2011	South Melbourne Town Hall
Monday 28 February 2011	St Kilda Town Hall
Tuesday 15 March 2011	Port Melbourne Town Hall
Monday 28 March 2011	St Kilda Town Hall
Monday 11 April 2011	South Melbourne Town Hall
Wednesday 27 April 2011	St Kilda Town Hall
Monday 9 May 2011	Port Melbourne Town Hall
Monday 23 May 2011	St Kilda Town Hall
Tuesday 14 June 2011	South Melbourne Town Hall
Monday 27 June 2011	St Kilda Town Hall

STATUTORY PLANNING MEETING

Monday 19 July 2010	St Kilda Town Hall
Monday 16 August 2010	St Kilda Town Hall
Monday 20 September 2010	St Kilda Town Hall
Monday 18 October 2010	St Kilda Town Hall
Monday 15 November 2010	St Kilda Town Hall
Wednesday 15 December 2010	St Kilda Town Hall
Monday 31 January 2011	St Kilda Town Hall
Monday 21 February 2011	St Kilda Town Hall
Monday 21 March 2011	St Kilda Town Hall
Monday 18 April 2011	St Kilda Town Hall
Monday 16 May 2011	St Kilda Town Hall
Monday 20 June 2011	St Kilda Town Hall

SPECIAL MEETING OF COUNCIL

Thursday 26 August 2010	St Kilda Town Hall
Monday 6 December 2010	St Kilda Town Hall
Monday 31 January 2011	St Kilda Town Hall

Councillor attendance at meetings

Councillor	Ordinary Council Meeting	Statutory Planning Meeting	Special Council Meeting
Janet Bolitho	21	12	3
Judith Klepner	21	11	3
John Middleton	18	10	3
Frank O’Connor	20	12	3
Rachael Powning	21	11	3
Serge Thomann	19	10	3
Jane Touzeau	21	11	3



Council meeting at the South Melbourne Town Hall. Meetings are regularly rotated between each Town Hall location.



City of Port Phillip Mayor and Councillors 2010/11

The Role of Local Government



Community consultations provide an opportunity for people to have their say.

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

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

Within Victoria, the purpose of a council is to:

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

The functions of councils include the following:

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

Source: Local Government Act 1989

Accountability

Audit committee and internal audit

As part of its duty to fulfil governance obligations to the community, Council values the role of the audit committee in supporting good governance. The audit committee endorses an annual internal audit program which is developed by the internal auditor, the internal audit contractor and Council management. The program addresses the risks that the organisation may confront.

The audit committee membership for 2010/11 consisted of two external representatives and three Councillors. The Chief Executive Officer, the General Manager Corporate Services and the Chief Financial Officer attend the meetings. The internal auditor attends to present audit reports and provide advice to the audit committee and Council's internal audit contractor also attends to respond to questions about audits they have produced.

External representatives

Gaye Mason, chair of the audit committee, is a Chartered Practising Accountant (CPA) has had senior executive roles and has a diverse financial and commercial management background in organisations of varying size and complexity. She has particular expertise in accounting and finance, corporate governance, risk management, strategy development, profitability improvement, policy development and complex project management. Ms Mason has experience on audit and risk committees in professional services, government and community sector organisations. She receives \$6,000 per annum for her role as chairperson.

Brian Densem, a CPA and a Fellow of the Institute of Internal Auditors, is General Manager Group Audit of a leading Australian mutual company. He has extensive knowledge of internal audit, risk management and exposure to numerous industries, but with a primary focus on financial services. Mr Densem is a member of another local government audit committee. He receives \$5,000 per annum for his role on the committee.

Internal representatives

The Mayor and two other Councillors are appointed to the audit committee.

During 2010/11 the audit committee met on five occasions.

The audit committee, the internal auditor and the internal audit contractor are key elements of the Council's system of checks and balances. All Victorian councils are also externally audited on an annual basis by the Victorian Auditor-General.

All councils must comply with the requirements of the Local Government Act 1989 and other relevant pieces of legislation, and are required to provide the Minister for Local Government with detailed reports, including an annual report, budget and council plan.

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

Local Government Investigations and Compliance Inspectorate

Another layer of audit is provided by the Local Government Investigations and Compliance Inspectorate (the Inspectorate) which is an Administrative Office of the Department of Planning and Community Development.

The Inspectorate is responsible for ensuring that Victoria's local government sector meets the highest standards of accountability and transparency.

The Inspectorate focuses on compliance with the Local Government Act 1989 (the Act), by:

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

As part of its rolling audit program, the Inspectorate spent four days at the City of Port Phillip in November 2010. The City of Port Phillip Audit Committee noted the outcome of the audit as good.



The Council Plan 2009 – 2013

Each newly elected Council is required by legislation to develop a four-year Council Plan outlining their objectives, strategies and indicators for monitoring the achievement of the objectives. The development of the Council Plan 2009 – 2013 was informed by both Councillors' elections platform and conversations held within the community in February and March 2009.

The Council Plan is framed around four strategic directions which provide the primary direction for Council and the organisation.

1. *Engaging and Governing the City*
2. *Taking Action on Climate Change*
3. *Strengthening our Diverse and Inclusive Community*
4. *Enhancing Liveability*

Each strategic direction is supported by a number of strategies, actions and indicators designed to help measure progress.

Council is committed to reporting transparently on the implementation of the Plan on an ongoing basis through the production of quarterly reports. Information about the quarterly reports is available online at www.portphillip.vic.gov.au.

Reviewing the Council Plan

The Council Plan 2009 – 2013 was designed as a "living" document that would be reviewed over the Council's four-year term. As a result of conversations with members of the Port Phillip community in 2010, new actions were developed and others were modified for 2010/11.

The information on the following pages outlines Council's achievements against the strategic directions of the 2009 – 2013 Council Plan.

Strategic Direction 1

Engaging and Governing the City

Sub Theme 1.1 – Value and utilise skills and knowledge in the community

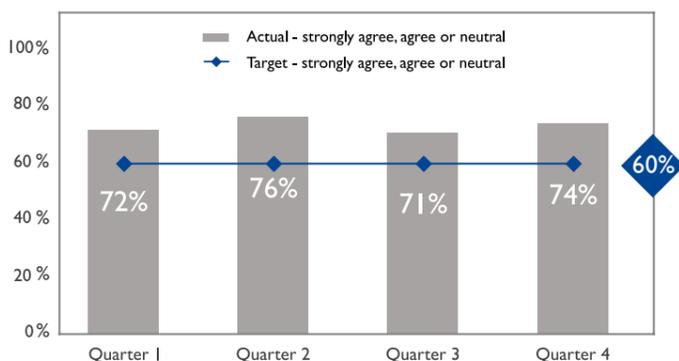
We will draw on the expertise within the community. We will listen and have real conversations with our constituents, and will use their advice to inform our decision-making.

Achievement will look like

Community that feels valued, consulted, heard and informed. Ongoing active involvement by groups and individuals in the life of our community.

Indicator of achievement

Increase in the community's satisfaction with Council's engagement in decision-making¹



Commentary

The percentage of respondents who felt satisfied with Council's engagement with the community has consistently exceeded the target of 60%.

Highlights

- Council designed and endorsed a Communication and Engagement Framework that will support better communications and engagement practices across the organisation.
- Council conducted a wide variety of community engagement activities designed to have genuine conversations that inform Council's decision-making, including:
 - Workshops for the draft Greenhouse Action Plan Participants discussed the idea of setting appropriate targets and the types of actions everyone can take to achieve these targets, as well as how Council can help the community achieve their outcomes.

- Sixty people attended a forum to discuss issues of concern regarding the future of the St Kilda Road Precinct. Key issues raised included support for greater certainty regarding height controls and setbacks, concern over traffic and parking, need for facilities for children and access to open space. The feedback will be used to understand the current and future needs of the precinct.
- Over 450 people have contributed their ideas about Port Melbourne's future. These ideas will inform the development of the Port Melbourne Waterfront Urban Design Framework.
- The community leadership program has trained a core group of community researchers who are able to support community development in gaining qualitative knowledge about the local community.
- Council formed the Domestic Animal Management Community Reference Group. The group meet quarterly to work through domestic animal management issues in partnership with the community.
- Council appointed community members to the City of Port Phillip Melbourne Sports and Aquatic Centre Advisory Committee.
- Council undertook consultation with the St Kilda Esplanade Market Advisory Group and all Esplanade Market stallholders on the future governance of the market.
- The 2010 Civic Awards recognized the achievements of local community members and groups who help to make Port Phillip the place it is today.
- The Toyota Program – City of Port Phillip strategic skills mentoring initiative has assisted four local groups to develop skills and build capacity for their organisations through the development of business plans and strategies.

¹ Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Sub Theme 1.2 – Governing

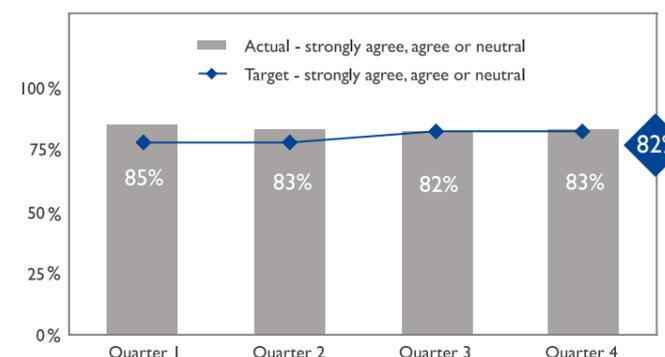
We are committed to good governance and transparent decision-making. We will ensure that all decisions are fair and in line with our democratic and statutory obligations.

Achievement will look like

Council has an enhanced reputation (trustful, truthful, transparent, ethical, responsible, informed decision-making).

Indicator of achievement

Improvement in the community's perception of Council's reputation²



Commentary

This indicator asks respondents to rate their perception of Council as a trustful, truthful, transparent, ethical, responsible organization that makes informed decisions. The perception of Council's reputation has remained consistent across the year.

² Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Highlights

- Council received the Victorian Local Government Association's John Jago award in recognition of Council's governance and leadership practices that have led to improved public participation in decision-making, particularly in the approach taken to the St Kilda Festival review.
- Council has supported the active involvement of 27 Community Reference Groups who provide advice on key issues and help inform Council's decision-making.
- Council completed the implementation of the recommendations from the Ombudsman's report on the St Kilda Triangle development.
- Senior management developed and implemented a Legislative Compliance Framework.
- The Local Government Inspectorate visited the City of Port Phillip and carried out an evaluation of Council against the Local Government Act. The Inspectorate found a number of minor non-compliances, all of which have been addressed.
- Council undertook a Good Governance Review of its operations which identified a number of items for action. A significant number of these actions have been completed with work continuing on the remainder next year.
- Five conversation tents were held between February to March 2011 at the South Melbourne Market, Bay Street shopping strip, Gasworks Farmers Market, Veg Out Farmers Market and the Carlisle Street shopping strip. These tents gave members of the community an opportunity to provide Councillors with feedback on Council's directions for 2011/12.
- Council developed a Procurement Roadmap that will increase the organisation's focus and application of Best Value principles while also promoting opportunities for social and green procurement.

Strategic Direction 1

Engaging and Governing the City (cont.)

Sub Theme 1.3 – Commitment to service

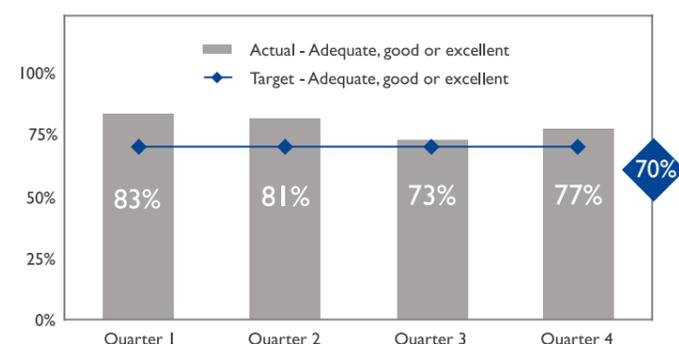
We are committed to providing quality service to the community. Our services will be equitable, accessible and responsive to the community's needs.

Achievement will look like

An organisation that delivers high quality services to the community. An organisation that values service to the public and the concept of public good.

Indicator of achievement

Increase in the community's satisfaction with the overall service performance of Council³



Commentary

Satisfaction with Council's service performance has consistently exceeded the target over the last year. Respondents who have lived in Port Phillip for less than five years were more likely to rate Council's overall service performance as adequate or better (91%). Those who have lived in the area for more than 20 years were more likely to feel that the Council's service performance needs to be improved (31%).

³ Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Highlights

- The Planning Compliance team has implemented a proactive inspection regime for developments aimed at improving compliance rates of developments, and giving the community greater confidence in the planning process.
- Council's frontline ASSIST service centres handled approximately 200,000 community customer interactions during the 2010/11 financial year. The call centre answered an average of over 85% of telephone calls within 30 seconds over the full financial year.
- Council's food premise inspection and monitoring service provided by the Environmental Health Officers has continued to ensure the safety of diners by working with proprietors to ensure all food premises in the municipality are achieving the standard required for safe food handling and preparation.
- Council's immunisation service continues to increase the numbers of children immunised on a year-to-year basis.
- The ASSIST service desk at the Port Melbourne Town Hall was relocated to be more welcoming and service focused and ensure consistency with the layout used at St Kilda and South Melbourne. It moved from a counter shared with the Port Melbourne Library to an adjacent purpose-built location immediately in front of the public entrance.
- Council's subdivision service was awarded the 2011 High Commendation for Established Urban Municipal Excellence by the Consulting Surveyors of Victoria.
- The Port Phillip Library Service conducted a user survey attracting over 500 responses. This feedback is helping the Library Service to plan its services.

Sub Theme 1.4 – Managing for the longer term

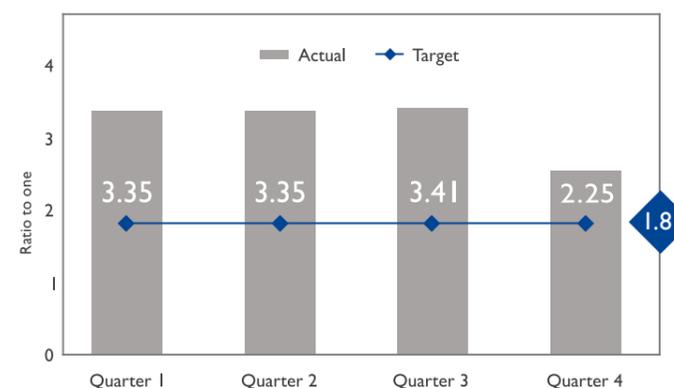
We are committed to responsibly managing our community assets and resources now and into the future.

Achievement will look like

Sound financial position, well maintained assets and a healthy organisational culture.

Indicator of achievement

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



Commentary

This favourable result is attributable to Council holding more cash and investments than budgeted at 30 June 2011. This is largely due to \$17.193M of the capital works program being unexpended during the 2010/11 financial year. This balance is being carried forward to 2011/12 for completion.

Highlights

- The Victorian State Emergency Service has praised the City of Port Phillip for its Emergency Management Plan after Council passed a recent audit with flying colours. Council's Emergency Management Plan addresses the prevention of, response to, and recovery from, emergencies within the City of Port Phillip.
- The emergency management team responded to significant flooding events in December, January and February. The Elwood canal was badly hit with many homes inundated. Other areas in South Melbourne, Port Melbourne and St Kilda were

also badly flooded. Council provided 4250 information flyers to affected residents to let them know about grants and services available to them including extra hard rubbish collections.

- Council has completed its upgrade to the Sandridge Beach foreshore. The upgrade includes new public lighting, a children's playground, four new picnic tables and upgraded barbecue facilities. The installation of lighting has improved the safety and security of the area and the playground is a great, fun and safe space to let the kids get active.
- The success of the City of Port Phillip's Health and Wellbeing Plan has led to the Department of Human Services granting an extension until 2013. This extension enables long-term implementation of actions and policies which help improve the general wellbeing of residents in Port Phillip.
- Council has made a strong commitment to leveraging and investing in Information and Communications Technology (ICT) by developing a new ICT Strategic Plan. This plan presents a cohesive picture of the planned ICT activity over the next three years and will improve the efficiency and effectiveness of services to the community and enable greater connection and engagement with the community.

The future

Council is committed to maintaining and building trust and confidence in the community through the use of sound governance practices, managing our assets, and communicating and engaging with the community. Key areas of focus for the next year include continuing to engage with the community on local issues, improving our use of information technology through the implementation of the ICT Strategic Plan and maintenance of our assets, including upgrading the Port Melbourne Town Hall.

Council will develop and adopt a ten year Financial Plan to guide the organisation's forward financial commitments and resource planning.

Strategic Direction 2

Taking Action on Climate Change

Sub Theme 2.1 – Reducing consumption and emissions

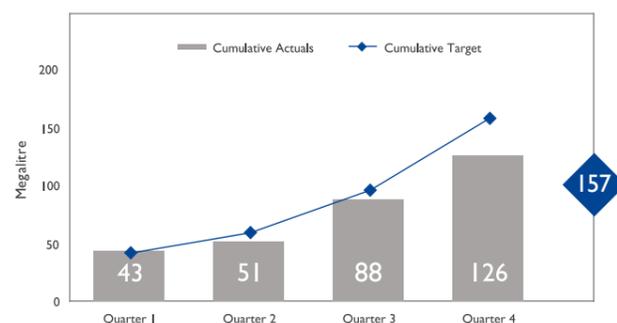
We will reduce water use, energy use and waste, while increasing the use of renewables in both Council operations and the community. We will actively seek and build alliances with the community and other organisations to achieve this goal.

Achievement will look like

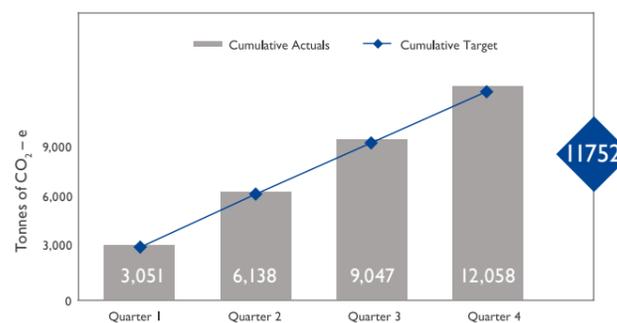
Reduction in both the organisation's and the community's non-renewable energy and potable water consumption.

Indicators of achievement

Reduction in Council's water consumption¹



Reduction in Council's carbon emissions¹



Commentary

Council's cumulative water consumption for the year was 126.21 megalitres. To achieve a reduction, the annual target of 157 megalitres (based on a 70% reduction from 2000/11) must be met. This year the target has been achieved by over 30 megalitres. The primary reason for this significant drop in water usage can be attributed to an exceptionally wet year. As a result, additional irrigation of parks and open space areas has been significantly lower than previous years. Ongoing efficiency measures across a number of Council's facilities have been undertaken in order to ensure that the target is maintained under "normal" climatic conditions.

¹ Due to billing cycles the year refers to the period of April 2010 to March 2011

Council set a target of a 4.3% reduction in its carbon emissions for 2010/11. To meet this target Council's cumulative emissions for 2010/11 would need to be less than 11,752 CO₂-e tonnes, however the result was 12,058 CO₂-e tonnes which is only a 1.7% reduction. The major factors affecting this result were the non-occurrence of a scheduled public lighting bulb exchange program and a 25% increase in power consumption caused by significant building works at the South Melbourne Market. Council has subsequently increased support for sustainable initiatives to accelerate Council's action on decreasing carbon emissions.

Highlights

- Council undertook 139 environmental audits of Council facilities. These audits set out the actions that Council can undertake to reduce its consumption of energy (and associated greenhouse gas emissions) and water. The audits form part of Council's Sustainable Building Improvement Plan and the improvements will be implemented in 2011/12.
- Council bought 2,667MWh of green power through the Australian CO₂ Exchange, equivalent to \$125,000, to offset 25% of Council's emissions.
- Eighteen buildings underwent water efficiency retrofits with stormwater harvesting and work on irrigation efficiency being undertaken at a number of sites.
- Council continued to install passive storm water systems to improve the health of trees on our key boulevards. This system directs rainfall from the road surface into a slotted pipe beneath the surface of the nature strip. Prior installations have been successful in improving soil moisture levels at a depth and location where tree roots grow, as well as dramatically improving health of the tree canopy. The trees which have the passive stormwater systems installed will be monitored over the next twelve months to ensure continued good health.
- Future Fashion Now was the City of Port Phillip's key World Environment Day community event, celebrating sustainable fashion and creative skills. The event showcased the work of Elwood College students and a range of Australian fashion designers, vintage suppliers, and crafty people who apply environmental and social sustainability principles to their creations.

Sub Theme 2.2 – Changing transport priorities

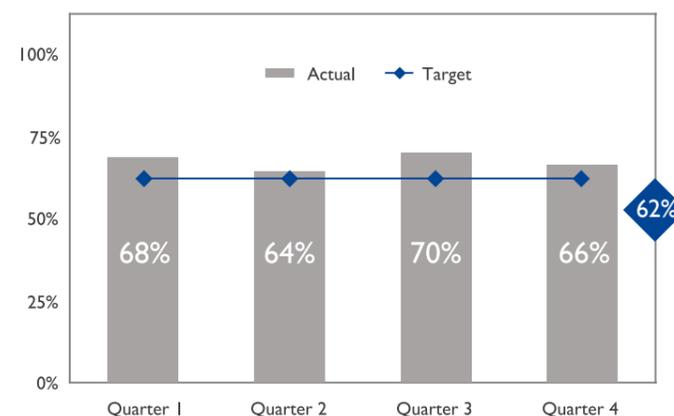
We will advocate the use of sustainable transportation in our operations and in the community.

Achievement will look like

Increased use of sustainable transport options within the community. Reduced greenhouse gas emissions from Council travel.

Indicator of achievement

Increase in the number of people using sustainable transport²



Commentary

The number of people reporting the use of sustainable transport met or exceeded the target across the year.

² Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Highlights

- Council has joined forces with Yarra Trams to install display screens providing real-time tram arrival information at the St Kilda Town Hall. The screen provides continuously updated arrival times for trams servicing the two tram stops between the Town Hall and the library on Carlisle Street. This means visitors can better plan their trips and spend less time waiting at the tram stop.
- Construction of bike lanes along Cecil Street, South Melbourne and Beaconsfield Parade. The Cecil Street upgrade involves construction of a Copenhagen style off-road bike path on both sides of Cecil Street between Whiteman Street and York Street, separating cyclists from the pedestrians, parked vehicles and traffic lanes.
- Following considerable work by Council to highlight the importance of this project the Victorian Government has committed to the upgrade of Balaclava Station.
- As part of Council's commitment to tackle climate change and reduce toxic air pollution, Council participated in the trial of a new electric car as part of the Department of Transport's (DoT) Electric Vehicle Trial.
- Animal Management Officers have started regularly patrolling on bikes, which has reduced the number of vehicles in Council's fleet.

Strategic Direction 2

Taking Action on Climate Change (cont.)

Sub Theme 2.3 – Adapting and sustaining

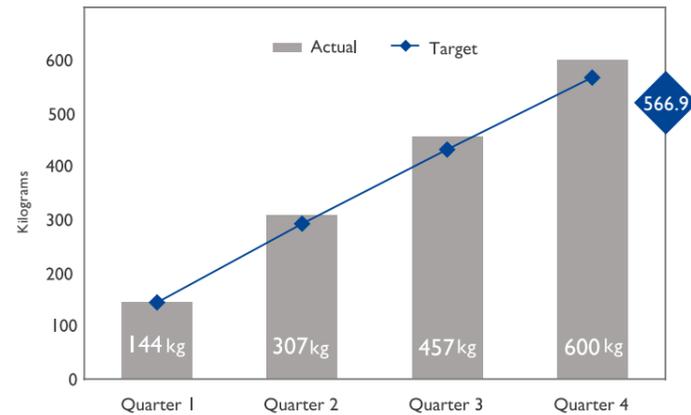
We will prepare the community and our assets for a different climatic future. We will advocate for change and will provide the community with quality information and advice.

Achievement will look like

An increased community uptake of water and energy-efficient technologies. Council assets are more resilient to a different climatic future. Council's services are responsive to the impact of the changing climate.

Indicator of achievement

Reduction in residential waste collection volume per bin



Commentary

To achieve a reduction, the average waste per bin needs to be less than or equal to the annual cumulative target of 566.9 kilograms. Residential waste collections did not meet this target indicating that on average households are producing more waste. This increase may be attributable to a 10,000 increase in the number of bins being collected. The users of these new bins may not be aware of recycling options.

Highlights

- Over 2,500 people have participated in Council's sustainable programs during the year. Participants have learnt how to reduce their environmental impact by undertaking audits, the purchase of green power and changing their behaviour.
- Council has adopted its Climate Adaptation and Water Plans. These plans outline key actions for Council and the community to prepare and adapt the city and neighbourhoods to a changing climate. Key actions are being delivered in collaboration with neighbouring bayside councils and members of the community.
- Rain gardens are water-sensitive gardens that improve the health of Port Phillip's waterways by reducing stormwater pollution and limiting flooding issues. A new rain garden was installed at the Betty Day Community Centre as part of Council's EnviroEvents program. Residents can learn how to build a rain garden so they can replicate the process on their own property.
- Council has continued to increase the use of recycled materials from glass and concrete for capital and maintenance construction works.
- Council has supported a community composting initiative with the establishment of a pilot site at Dawkins Reserve, Elwood.

Sub Theme 2.4 – Working together

We will be innovative and strategic in our partnerships, and will advocate for sustainable solutions. We will work with the community and build alliances to implement effective change.

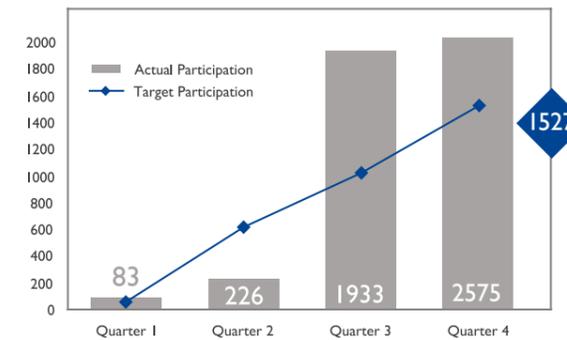
Achievement will look like

An effective advocate and influential partner in reducing the rate of, and preparing for, climate change.

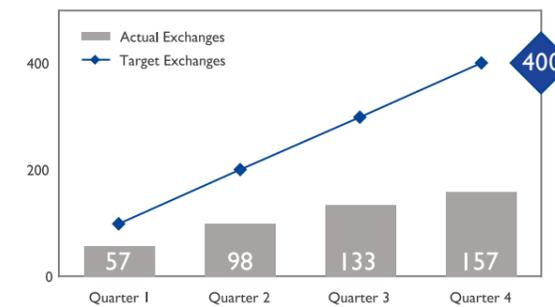
Indicators of achievement

Increase in the community's use of water-efficient and energy-efficient technologies.

Participation in sustainability programs



Shower exchanges



Commentary

The first indicator measures the cumulative number of people who have participated in one of Council's sustainability programs. The second indicator measures the cumulative number of people who have participated in the shower exchange program. The overall target has been exceeded this year despite a decline in showerhead exchanges. The decline in showerhead exchanges is due to natural decline in the program across metropolitan councils.

Highlights

- The Port Phillip EcoCentre was the recipient of a Victorian Government grant forwarded under the auspices of Sustainability Victoria's Climate Communities Grant program. The grant will enable the EcoCentre to offer an extended number and range of programs, enabling the community to become more informed about issues relating to climate change, sustainability and biodiversity.
- Council, in partnership with the Association of Bayside Municipalities and the Department of Planning and Community Development, was successful in gaining \$1M from the Federal Government for research to be undertaken to understand the economic impacts of coastal inundation and develop community capacity in understanding these impacts.
- The Sustainability for All Expo supported by Council and hosted by St Kilda Primary School students was held. The expo grew out of a shared intention by the St Kilda Inclusion Project and Inner South East Partnership in Community and Health to give greater focus to inclusion issues linked to sustainable living. The Sustainability for All Expo attracted more than 300 visitors and is being considered by the primary school as an event that could be held annually.

The future

Addressing climate change continues to be a key priority for Council. As a result, Council is committed to reducing resource consumption by undertaking activities like converting public lighting to fittings that use less electricity and retro-fitting Council buildings. Sustainable transport is also key and implementation of the sustainable transport policies is a key initiative for the future. Programs like SOC's (Sustainable Owners Corporations) and Blocks, which helps apartment blocks understand how they can improve the sustainability of the buildings, are designed to work together with the community to take action on climate change.

Strategic Direction 3

Strengthening our Diverse and Inclusive Community

Strengthening our
Diverse and Inclusive
Community

Sub Theme 3.1 – Pursuit of social equity

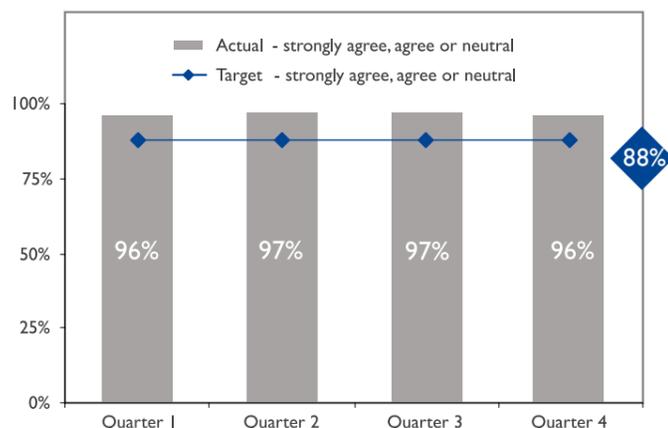
We will create a fairer city by promoting diversity, supporting community interaction, and ensuring that our services are accessible, inclusive and equitable.

Achievement will look like

Council has a reputation for facilitating and advocating a strong sense of community belonging. Council is a respected and strong advocate for human rights and social justice. Increased community interaction with, and respect and support for, disadvantaged groups.

Indicator of Achievement

Maintenance of the proportion of the population who believe that Port Phillip is an accepting place for people from diverse cultures and backgrounds¹



Commentary

Respondents have consistently agreed across the year that the City of Port Phillip is an accepting place for people from different cultures.

Highlights

- The City of Port Phillip Free and Cheap Meals guide was updated and distributed to a wide number of welfare and support organisations in the municipality. The guide continues to be a valuable resource for people in need in the community.
- Council released the draft Social Justice Charter for community consultation in May 2011. The Social Justice Charter will provide guidance and direction for all Council internal and external policy and decisions. It provides a leadership framework that promotes advocacy for causes connected with social justice and human rights.
- Port Phillip seniors had their dance cards full this year with the traditional Mayor's Tea Dance and Community Ball. Other activities held during Senior's Week 2010 included a forum on the topic "Sex gets better with age", an art exhibition featuring works by local talent and many other inclusive activities. The festival concluded with the official Seniors Festival writing competition.
- The Linking Neighbours program was expanded into the Albert Park / Middle Park neighbourhood. The Linking Neighbours Program combines a Seniors Register and a friendly neighbourhoods program, targeting people who are isolated, have support needs or are vulnerable in some way.
- A small group of Linking Neighbours volunteers supported vulnerable/isolated residents over the past summer on days of extreme heat and during the February floods by contacting identified people on the Seniors Register to check how they were managing the conditions and notify Council of any concerns or problems requiring action.
- The City of Port Phillip Grant and Subsidy program was reviewed and improved to ensure that a fairer and more equitable process to apply for grants and subsidies was available to all. 2011 saw the creation of a social inclusion category to better engage with residents who have not had the opportunity to participate in or contribute to broader community life.

- Friends of Suai is a two-way relationship encouraging Port Phillip residents to engage in friendship and international relations. In 2010 a new water tank made from local materials to connect water to the school toilets at the Suai Public Secondary School was provided by the City of Port Phillip with proceeds from the shower swap. Agricultural projects have also been developed on sound environmental principles of reforestation and permaculture and a food demonstration model at the Agriculture High School.
- Council organised and supported a range of activities for Reconciliation Week in May 2011. These included supporting the Port Phillip Citizens for Reconciliation in the organisation of a luncheon of community Elders to commemorate Sorry Day in South Melbourne, organising a flag raising, musical performance and community BBQ to mark the start of Reconciliation Week at St Kilda Town Hall, and organising a night of Torres Strait Islander culture and music at St Kilda Bowling Club for Mabo Day.
- The St Kilda Social Inclusion Project (SIP) aims to achieve a more welcoming and inclusive place where all St Kilda residents have the opportunity to contribute and enjoy community life. Highlights this year have included a group of residents undertaking leadership training to lead a peer research project involving the surveying of 200 residents in locations where most formal surveys do not venture (i.e., soup kitchens, drop-in centres, rooming houses, parks, etc.). This project was presented to the Department of Human Services Board last August as a best practice tool demonstrating effective engagement of clients. Another highlight was the premiere screening of "St Kilda Park Saints" as part of the St Kilda Film Festival. An audience of more than 100 people viewed the film at the Astor Theatre in St Kilda that had been led by SKYS as a SIP seeded project. The documentary is now available on DVD.
- 300 people from the community and City of Port Phillip staff celebrated Diversity Day on the lawns of St Kilda Town Hall in March. The day marked the beginning of Cultural Diversity Week and included local multicultural community groups, people with disabilities, indigenous groups, seniors and youth groups, participating in traditional food, dance and other activities.
- The Port Phillip Interfaith Network supported by both Council and the Victorian Multicultural Commission sponsored open house events at Temple Beth Israel, the Carmelites, and the Hare Krishna Temple as well as engagement with the Parliament of World Religions to encourage tolerance and understanding of diverse religions in our community.
- Council piloted three new programs for Home and Community Care Clients including a weekly cooking group – a 10-week program to develop cooking skills, reduce isolation, and enhance independence. This group was so successful it is now integrated into the regular service; a shopping group – small groups of clients offered an opportunity to shop at large retail outlets not located in the municipality. This popular activity will become a regular service in 2011/12; and a gentle exercise group - in partnership with Inner South Community Health Service this group of Home and Community Care clients and a group session with in-home support between sessions.
- The North St Kilda Children's Centre and Council's Home-Based Care, Vacation Care Programs and Family Support Services were accredited as "high quality" by the National Childcare Accreditation Council during the year.

¹ Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Strategic Direction 3

Strengthening our Diverse and Inclusive Community (cont.)

Sub Theme 3.2 – Creative, active and culturally diverse life

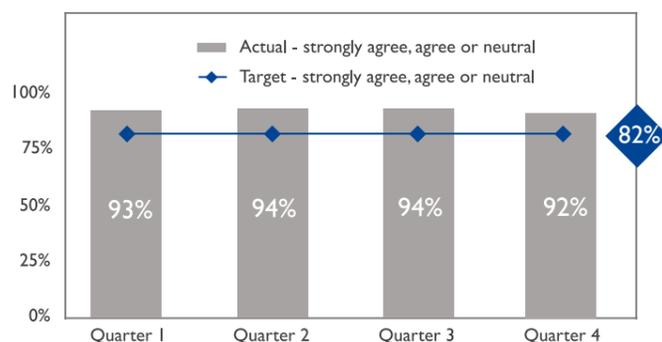
We are aware and supportive of the critical role that arts and culture play in our diverse community. We will support, promote and enhance our creative community and creative places.

Achievement will look like

The city has a flourishing arts community with high levels of participation. The city has a dynamic learning and knowledge environment. Increased participation in recreational and physical activity.

Indicator of achievement

Increase in the proportion of the population who feel they have opportunities to participate in affordable local community events and activities of their choosing²



Commentary

The percentage of respondents who rate their satisfaction with opportunities to participate in affordable community events as adequate or better was consistently above the target this year.

² Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Highlights

- As part of Council's friendship agreement with the Shire of Hindmarsh which each council has re-signed for another five years, the City of Port Phillip took the St Kilda Film Festival to Nhill, a rural town of 2,000 people in the City of Hindmarsh. The Festival visit is just one of the many initiatives sparked by the friendship agreement.
- The week-long St Kilda Festival, dedicated to music and entertainment, ran from 5–13 February 2011. Highlights included the week-long Live N Local program with over 90 performances, the Yalukit Willam Ngargee Festival featuring a wide array of Aboriginal and Torres Strait Islander events and the main Festival day which was attended by approximately 420,000 people.
- The City of Port Phillip hosted the 16th Annual Pride March. The event attracted 102 registered groups which equalled approximately 5,000 people marching or participating, including 75 staff from City of Port Phillip. There were approximately 35,000 people watching the march.
- There were 33 street parties held throughout the municipality. This is an increase of 7 from the previous year. Council was actively involved in promotion, setting up and facilitating the road closures and expanded the programs to include community agencies in holding major street parties.
- A forum of 35 cultural agencies within the City of Port Phillip took place, providing important ideas which helped Council develop a draft Arts and Culture policy.
- St Kilda Esplanade Market celebrated the longest running outdoor art and craft market in Melbourne, 40 years of art and craft in St Kilda. This 40th anniversary honours the community of over 200 stallholders that come together every week.
- Outdoor Events Policy and Outdoor Commercial Recreation Activities Policy were adopted to manage and encourage recreational activity in the municipality.

The future

Council is committed to providing ongoing support for important art and cultural venues, including renewed funding for Gasworks Arts Park and the Linden Gallery. Key policies will include the Social Justice Charter, the Arts and Culture Policy and the development of a Reconciliation Action Plan. Completion of the St Kilda Family and Children's Centre is also a key priority alongside renewal of sporting and recreational facilities and playgrounds and addressing the buildings of the South Melbourne and the St Kilda Lifesaving Clubs.

Strategic Direction 4 Enhancing Liveability

Sub Theme 4.1 – A sense of place

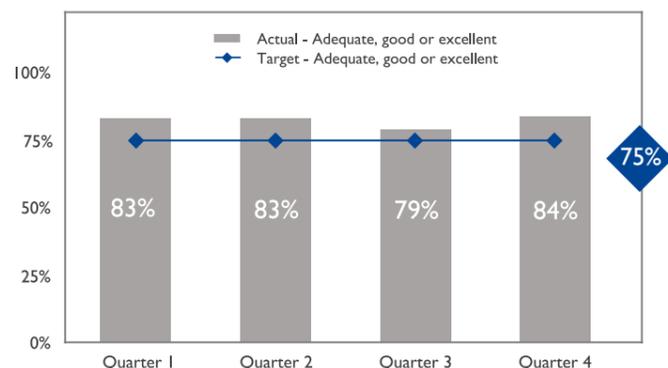
We will improve safety, convenience, and accessibility to our public places. We will encourage harmony in our neighbourhoods and the creation of beautiful places, while protecting and valuing our heritage.

Achievement will look like

A safe area to be. Distinct neighbourhoods that people are proud of, connected to, and enjoy.

Indicator of achievement

Increase in the community's sense of safety and security¹



Commentary

The results across the year have consistently met the target with the highest level recorded in the April-to-June 2011 quarter.

Highlights

- The Meditation in the Garden program is part of Council's Health and Wellbeing Plan and was run in the Rose Garden at the St Kilda Botanical Gardens until mid-December 2010. Participants were guided through meditation techniques in a quiet, peaceful environment which not only promotes a healthy lifestyle but also introduces people to their local environment.
- The Alcohol Accord has undergone restructure with a new accreditation scheme to promote best practice in alcohol service and to raise awareness of patron and community safety. As part of this process, Council facilitated the delivery of safer bars training which is an onsite training program to enhance the safety of licensed premises.
- Council adopted the Responsible Gambling Policy in May 2011. This is the first time Council has developed a formal policy to address this issue.
- As part of Council's attempts to mitigate graffiti, Council provided 200 free graffiti removal kits for local residents and businesses to help eliminate graffiti around the municipality.
- The City of Port Phillip now has over 1,200 registered food businesses. Over the last 12 months Environmental Health Officers have completed 1,850 unannounced routine inspections and 775 follow-up inspections to check for compliance with the State Food Act and the National Food Safety Standards. The food premises rating system was introduced in 2001. At this time the number of premises on Rating 4 (fully satisfactorily compliant) was at 65.5%. The figure now is 92.2%.
- Completion of the Middle Park Beach Landscape works which have improved the use of the foreshore for passive recreation through the inclusion of picnic tables, seating, exercise equipment, beach showers and water refill stations.
- Photography Night Walks were sponsored by the City of Port Phillip to explore the unique places and spaces of Port Phillip. The autumn series of walks form part of a larger community cultural development project that aims to understand changing local character by having citizens visually document and honour local character and icons in the city.

¹ Data extracted from the City of Port Phillip Community Satisfaction Surveys 2010/11

Sub Theme 4.2 – Shaping the future of our city

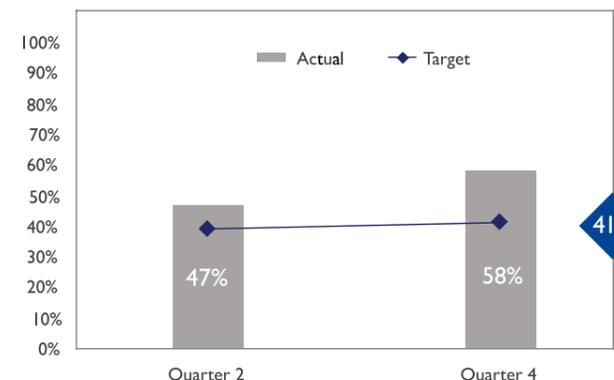
We will balance community and social planning with future developments. We will use best-practice quality urban design to ensure sustainability, to protect our open and public spaces and to create a less car-dependent city.

Achievement will look like

Suite of integrated strategic planning tools and evidence of them being applied. Recognised as Australia's leading city for walking and cycling.

Indicator of achievement

Increase in the number of planning permit application participating in Sustainable Design Assessment in the Planning Process (SDAPP) program with Port Phillip.



Commentary:

The number of planning permit applicants who participated in the sustainable design assessment in the planning process program is measured twice a year (Quarter 2 and Quarter 4). The total number of eligible applications during the year was 315 and the uptake was 182 (57.78%). There was an increased uptake in the second half of the year.

Highlights

- Approval of Council's new Local Planning Policy Framework (Amendment C62) in June 2011, includes policy which promotes environmentally sustainable buildings through ensuring new development proposals undergo a sustainable design assessment.
- Construction of the Richardson Street / Victoria Avenue Raised Pedestrian Pavement was completed as a part of Council's Pedestrian Safety Improvement Program.
- City of Port Phillip launched a new 40kph speed limit in the local area of Carlisle Street in the streets bordered by St Kilda Road, Inkerman Street, Hotham Street and Grosvenor Street.
- Recommendations from a review of Council's bus services resulted in the integration of the South Melbourne Market Bus with the Community Bus Service and consolidation of Council's mini bus hire scheme with Community Transport. These outcomes improve management of the services and enable compliance with the State Government's new Bus Safety Regulations and Standards.
- In a major addition to the Cecil Street frontage, the South Melbourne Market opened a new demonstration kitchen facility which can host cooking classes and private dinner parties. Known as the LG Kitchen, the facility was built with financial input from LG Electronics.

Strategic Direction 4 Enhancing Liveability (cont.)

Sub Theme 4.3 – Caring for our natural environment

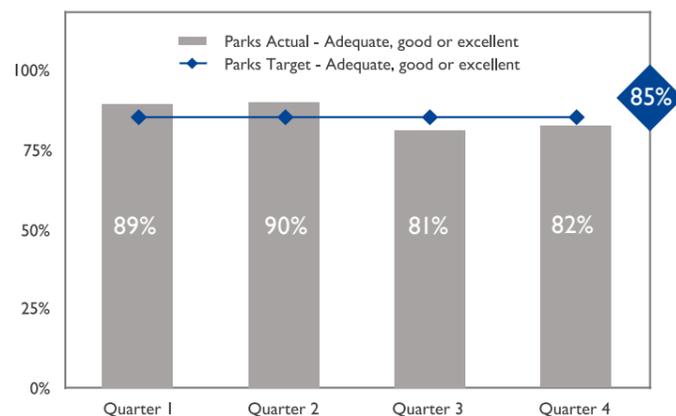
We will protect and preserve our natural environment and will continue to care for our bays, foreshores and open spaces.

Achievement will look like

A beautiful, well maintained foreshore and network of open spaces. Increased community action on caring for our natural environment.

Indicator of achievement

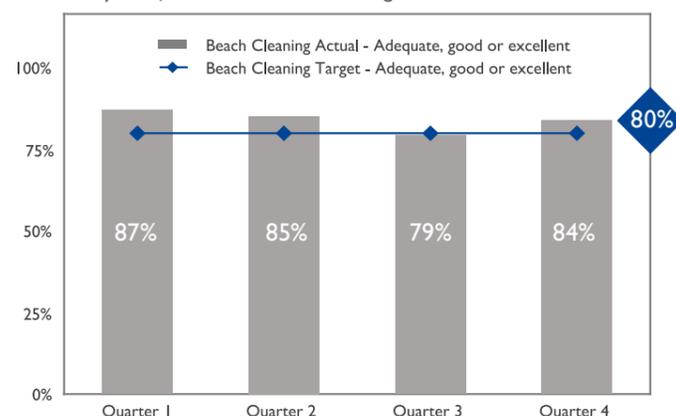
Community satisfaction with parks and open space



Highlights

- Local trees now have a bright future thanks to the adoption of Council's Greening Port Phillip Strategy. Entitled "An Urban Forest Approach", the strategy outlines how Council will protect and manage the city's trees, which provide an essential balance to the city's highly urbanised environment.
- A new environmentally friendly boardwalk has been installed at St Kilda West Beach, complete with an innovative raised design. Recycled plastics were used to create 300 linear metres of UV resistant green boardwalk. 3000 indigenous plants have been planted in the area with the assistance of two community planting days.
- The new Alma Park Tree House features a ramp that connects to the existing path network allowing wheelchair access to a new lower platform with play features, interactive play panels and a slide for younger children.
- The Edward O'Donnell Fountain, the centre piece of the O'Donnell Gardens, was restored to ensure it remains a significant monument as an ever-present backdrop to the activities of skateboarders, dog walkers, sun lovers and tourists.

Community satisfaction with beach cleaning



- This year is the 150th anniversary of the St Kilda Botanical Gardens and to mark the occasion, new gates were commissioned by the City of Port Phillip and designed by local artist David Wood. The gates were built using traditional hand forging techniques similar to those used when the gardens were established.
- The leaking and deteriorated St Kilda Botanical Gardens pond liner has been replaced. A new concrete shelf has been constructed along the south-west ledge of the pond, the dry creek bed has been re-lined and a new weir has been constructed along the edge of the dry creek bed to improve water filtration.
- The successful launch of the No Cuts, No Butts campaign to improve the safety of our open spaces and care for our bay and foreshore. Council is proud to be the first bayside municipality to launch a campaign of this type. The message the campaign carried to the community was "It's not cool to bring ciggies or stabbies on to the sand".

Commentary

Parks and open space satisfaction has declined slightly over the year. A possible factor of falling satisfaction was unseasonal rains, resulting in unseasonal growth of vegetation and grass. Satisfaction with beach cleaning has remained constant across the year although the results during the January to March 2011 quarter dropped, possibly due to unseasonal rain causing flooding and increased levels of waste and debris deposited along the foreshore.

Sub Theme 4.4 – Major city projects

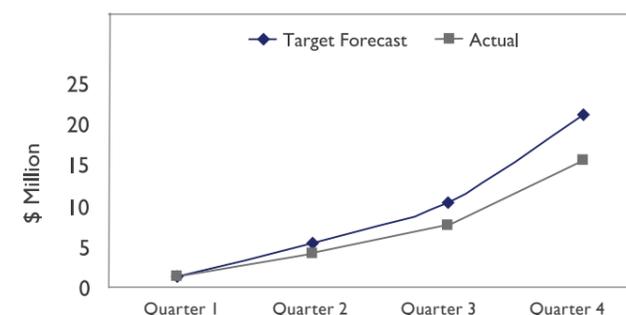
We will strive to ensure that major projects enhance liveability and balance development with community values.

Achievement will look like

Every new major project enhances liveability.

Indicator of achievement

Increase in the proportion of the capital works program that is delivered on time.



Commentary:

This indicator measures actual capital works expenditure compared with the forecast. The 80% target was not met because a number of large projects were not delivered in the year as they needed to be re-scoped or had a change in priority. Those projects will be rolled over into the 2011/12 year.

Highlights

- The construction of the new St Kilda Family and Children's Centre began and is expected to be completed by mid-2012.
- Following extensive community consultation Council received State Government approval in June 2011 to implement the Marina Reserve Masterplan with some additional features, including more seating and a playground.
- Major road projects completed in the 2010/11 financial year include:
 - Station Street, between Turville Street and Bridge Street, Port Melbourne.
 - Clarendon Place, between Dow Street and Napier Street, South Melbourne.

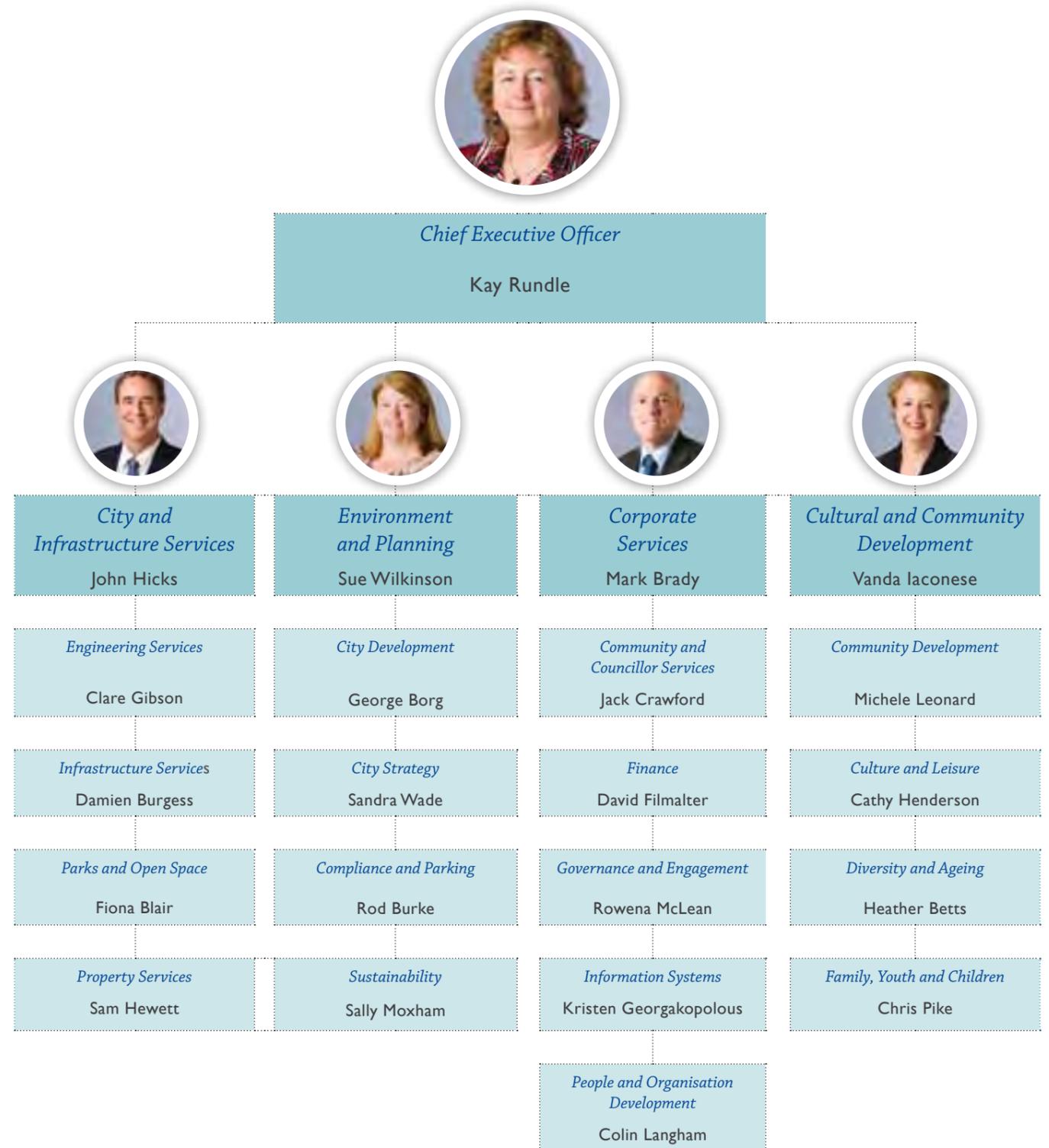
- Nott Street, between Bridge Street and Spring Street, Port Melbourne.
- Napier Place, between Napier Street and Dow Street, South Melbourne.
- Station Street, between Ingles Street and Boundary Street, Port Melbourne.
- Daley Street, between Tennyson Street and Glenhuntly Road, Elwood.
- Woodruff Street, between Bertie Street and Ingles Street, Port Melbourne.
- Montague Street, between Dorcas Street and Coventry Street, South Melbourne.
- Plummer Street, between Graham Street and Bridge Street, Port Melbourne.
- Nott Street, between Liardet Street and Bridge Street, Port Melbourne.

Many of these projects incorporated Water Sensitive Urban Design (WSUD) to harvest stormwater runoff and irrigate trees and landscaped areas.

The future

Council recognises that ensuring the city is easy to get around by managing parking and improving bike and walking paths will continue to be a priority in the community. Planting trees and undertaking streetscape work across the city including Rouse Street, Port Melbourne, and Greeves Street, St Kilda will be key activities over the next year. Improving bike paths is also a focus as well as rehabilitating footpaths and improving pedestrian safety. Council looks forward to beginning a conversation with the community about the future of the St Kilda Triangle site and the implementation of the Marina Reserve Master Plan.

City of Port Phillip Organisational Structure



Organisational Details

Staff Profile

BREAKDOWN BY EMPLOYMENT STATUS

Full-time staff	482
Part-time staff	305
Casual staff	151

BREAKDOWN BY GENDER

Male staff members	331
Female staff members	607
Total staff	938

PROFESSIONAL DEVELOPMENT AND TRAINING

Professional development/information systems sessions	67 (853 attendances)
Accredited training programs offered	1 (11 participants)
Equal Employment Opportunity sessions	6 (96 participants)
Equal Employment Opportunity e-learning course	(168 staff completed)

WORK AND LIFE BALANCE

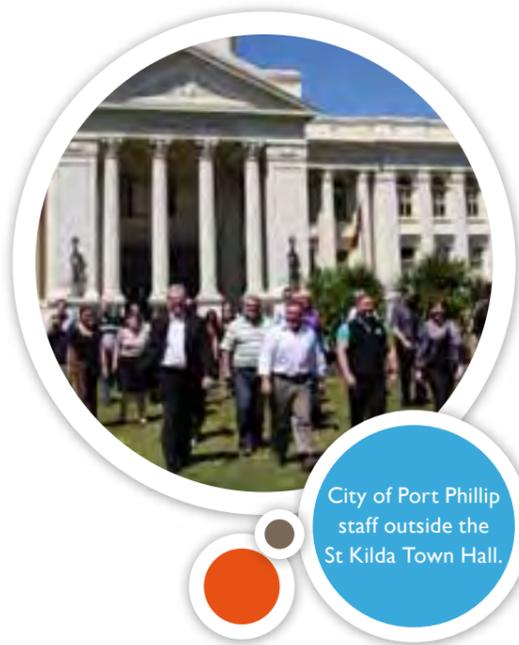
Study leave hours (participants)	1263 (22 participants)
Wellness Programs – Yoga, etc. (participants)	24 (1176 attendances) – some programs had multiple sessions

OCCUPATIONAL HEALTH AND SAFETY

Standard Workcover claims	9
Staff affected	9
Victorian average WorkCover premium	1.7682% industry performance rate
Port Phillip's WorkCover premium	1.1374% performance rate

EMPLOYEE ASSISTANCE PROGRAM

Staff using the service	45
Hours of service provided	99.25



Compliance and Accountability



Statutory Statements

Victorian Equal Opportunity Act 1995

The City of Port Phillip is an equal opportunity employer and commits to work in accordance with statutory requirements under the Victorian Equal Opportunity Act (1995), and federal legislation as it relates to equal opportunity.

Council's equal employment opportunity policy, "Respect for Others" is a commitment that all individuals receive fair and consistent treatment in a work place that is free from harassment, discrimination and bullying. The City of Port Phillip is committed to an environment where employees aspire to have shared values with regard to integrity, fairness, honesty and trust.

Occupational Health and Safety Act 2004

The City of Port Phillip is committed to fulfilling its moral and legal responsibilities under the Occupational Health and Safety Act 2004, to provide a safe and healthy work environment for employees, contractors and visitors. This commitment extends to ensuring that operations undertaken by Council do not place the community at undue risk of injury or illness.

Council provides induction and training for staff and contractors'; conducts regular Occupational Health and Safety audits and inspections of both Council premises and contractors' works.

Freedom of Information Act 1982

Under the Freedom of Information Act 1982, the community has the right to access certain information held by Council. Council vigorously supports these basic requirements of the Act with respect to freedom of information.

Requests for access to Council documents under the Act must be in writing and should provide sufficient information to identify the particular document(s) being sought.

The Act also stipulates that an application fee must accompany each request, therefore an application fee of \$24.40 applies when processing all requests.

More information including a request form is available on Council's website www.portphillip.vic.gov.au

Principle Officer: Kay Rundle, Chief Executive Officer

Details of requests for 2010/11 are:

Total requests received	41
Total valid requests	33
Access granted in full	6
Access granted in part	19
Access denied in full	1
No documentation found	1
Requests withdrawn	1
Documents released outside the FOI Act.	1
Requests under consideration as at 30 June 2010	4
Internal reviews sought	1
Appeals lodged with VCAT	0
Total application fees collected	\$717.10
Total application fees waived	\$71.70

Whistleblowers Protection Act 2001

Council does not tolerate improper conduct by its employees or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The Whistleblowers Protection Act 2001 came into operation on 1 January 2002. The purpose of the Act is to encourage and facilitate disclosure of improper conduct by public officers and public bodies. The Act also provides protection for those who make the disclosures and those who may suffer reprisals in relation to those disclosures.

The Act also provides for the matters disclosed to be properly investigated by the Ombudsman or the nominated investigator.

The Act applies to all public bodies and public officers, including Council staff and Councillors.

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

Disclosures made to Council	one
Disclosures referred to Ombudsman for determination as to whether they are public interest disclosures	nil
Disclosed matters referred to Council by the Ombudsman	nil
Disclosed matters referred by Council to the Ombudsman for investigation	nil
Investigations of disclosed matters taken over by Ombudsman from Council	nil
Requests made under s74 to Ombudsman to investigate disclosed matters	nil
Disclosed matters that Council has declined to investigate	nil
Disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	nil
Recommendations of the Ombudsman under the Act that relate to Council	nil

Council has adopted a detailed whistleblowers' protection procedures manual and specific guidelines for frontline staff. The current procedures established by Council under Part 6 of the Whistleblowers Protection Act 2001 are available on Council's website.

Victorian Information Privacy Act 2000

Council is committed to full compliance with its obligations under the Information Privacy Act 2000. Council's Information Privacy Policy and Guidelines are available at Council offices and on Council's website.

Domestic Animal Management Plan

Council has in place programs, services and strategies to meet the animal control requirements of the Domestic Animal Act 1994 (the Act). The success of the programs and strategies are determined by key performance indicators (dog and cat registration rates, enforcement success rate, dog and cat rehoming rates, etc.) which generally show improvement from year to year. These indicators can be viewed online at www.portphillip.vic.gov.au. Authorised officers engaged in the administration and enforcement of the Act undergo annual training in enforcement procedures, animal handling and managing difficult situations.

Public Documents

The following documents are available for public inspection at the St Kilda Town Hall, located at 99A Carlisle Street, St Kilda. To inspect documents contact the Governance unit via the City of Port Phillip's ASSIST Centre on 9209 6777. In some instances, requests may need to be in writing.

List of documents available for public inspection

- Details of current allowances fixed for the Mayor and Councillors
- Details of senior officers' total salary packages for the current financial year and the previous year, including the gross salary, the amount of Council or employer contribution to superannuation, the value of any motor vehicle provided by Council and the total value of any other benefits and allowances provided by Council
- 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 member of Council's staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel
- Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted
- Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted
- Agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings that have been closed to members of the public under section 89 of the Local Government Act (the Act)
- A list of all special committees established by Council and the purpose for which each committee was established
- A list of all special committees established by Council that were abolished or ceased to function during the financial year
- Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act
- A register of delegations kept under sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place
- Submissions received in accordance with section 223 of the Act during the previous 12 months
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease
- A register of authorised officers appointed under section 224 of the Act
- A list of donations and grants made by Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation and grant
- A list of the names of the organisations of which Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by Council
- A list of contracts valued at \$150,000 for goods and services and \$200,000 for carrying out of works which Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act.

Risk Performance

Risk management

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

Risk awareness

The City of Port Phillip's policy is to manage risk in accordance with best practice. We have adopted the new international standard for risk ISO31000:2009 which provides guidelines for design, implementation and maintenance of risk processes throughout the organisation.

Our risk management framework has recently been reviewed to incorporate the new standard and will continue to be implemented in the 2011/12 planning cycle. All managers, service providers and employees are responsible for managing risk as part of their daily planning and operational processes.

Insurance and risk reduction

Council's insurance policies provide coverage for the following areas: public liability, products liability and professional indemnity, industrial special risks, motor vehicle, Councillors' and officers' liability, personal accident, machinery/computer breakdown and boiler explosion, construction works and commercial crime insurance.

We are pleased to advise that this year Council has been able to maintain minimal increases to our insurance premiums and contributions despite a spate of well publicised disasters around the globe in the last 9 – 12 months, including Australia's bushfires & floods. Increased risk management, along with tort reforms and other legislative changes such as the Road Management Act have assisted Council in maintaining its insurance costs.

National Competition Compliance

Certification by Chief Executive Officer

The City of Port Phillip Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2010 to 30 June 2011, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011) as set out below:

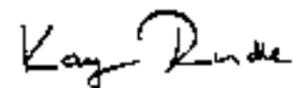
A. TRADE PRACTICES COMPLIANCE State whether the Council is compliant or noncompliant. If noncompliant, justify or cite actions to redress.	Council is compliant
B. LOCAL LAWS COMPLIANCE State whether the Council is compliant or noncompliant. List all local laws made or remade during 2010-11 which impose a restriction on competition:	Council is compliant
C. COMPETITIVE NEUTRALITY COMPLIANCE State whether the Council is compliant or noncompliant for all significant businesses. List any significant businesses that are noncompliant:	Council is compliant

I certify that:

Policy reporting guidelines; and

- This statement has been prepared in accordance with the 2010-11 National Competition Policy reporting guidelines; and
- This statement presents fairly Council's implementation of the National Competition Policy.

Signed:



KAY RUNDLE

Chief Executive Officer

Date: 14 August 2011

Best Value Report 2010/11

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

1. Services provided by a Council must meet quality and cost standards.

Many of the service areas have either been through a tendering process or are the subject of Government contracts through funding agreements. Council uses a number of methods across its services to ensure quality standards are developed and monitored. A number of service areas are included in the quarterly community satisfaction surveying that is undertaken by an external survey company.

2. Services provided by a Council must be responsive to the needs of its community.

Council uses a range of processes to ensure that services it provides are responsive to the needs of the intended users. These include community surveying and consultation activities. In some cases, service level agreements have been developed in response to the needs of the users.

3. Services provided by a Council must be accessible to those members of the community for whom the service is intended.

Service areas are continually reviewing accessibility to their services. In addition to being as accessible as possible, services are improving communication channels to ensure the wider community is aware of these services. Council also conducts an accessibility audit to identify areas for improvement at Council facilities.

4. Council must achieve continuous improvement in the provision of services for its community.

Council has undertaken a number of reviews of services during the past year. All contracts are subject to ongoing review. A new Communication and Engagement Framework and Strategy was developed during the year to provide better guidance to service areas in how to engage and communicate with the community.

5. Council must develop a program of regular consultation with its community in relation to the services it provides.

All services employ consultation processes in the delivery of their services. The new Communication and Engagement Strategy is providing service areas with greater knowledge of the processes and methods to consult and engage the community. In addition, Council employs an external survey company to conduct a quarterly community satisfaction survey that provides a significant amount of information to service areas that supports the consultation processes they employ. These results are also made publicly available.

6. Council must report regularly to its community on its achievements in relation to the five principles above.

Council tables a public Quarterly Report to the community to

inform them on the operations of Council. Some individual services also use other mechanisms such as information booklets, newsletters, community forums and various reports to Government departments to report on their services.

Planning

Council's approach to planning continues to improve. Actions were implemented for the second year of the Council Plan 2009-2013. This year Council elected to exceed the minimum statutory consultation requirement when conducting a review of the Council Plan 2009 - 2013. Five community conversation tents were held in February and March 2011, giving the community an opportunity to comment on Council's proposed strategic directions. A public information session was held in May at the St Kilda Town Hall after Council resolved to invite public submissions on the draft Council Plan 2009 - 2013 - Year 3 and draft 2011/12 Budget. A total of 21 submissions were made on the Council Plan and/or Budget. Those who made submissions were invited to present to their submissions at a Council Meeting on 14 June 2011. The submissions were considered by Council in finalising the Council Plan 2009 - 2013 - Year 3 and the 2011/12 Budget. Council adopted the 2009 - 2013 Council Plan - Year 3 on 27 June 2011.

Performance measurement

Council's approach to performance measurement is based on continuous improvement.

During 2010/11, Council reported its performance in a Quarterly Report which included the Council Plan Report, providing narratives and pictorial representations of progress against the Council Plan's 147 actions as well as 15 Indicators of Achievement; a Strategic Directions Progress Report, providing updates on all actions in the Council Plan; and a quarterly Financial Report, providing an update to the community on the fiscal position of the Council. These reports are available to the community on the City of Port Phillip website.

In support of the external reporting, work groups reported service metrics and targets that enabled them to monitor and review the quality, quantity, timeliness and cost of their services.

Council has also worked with the Essential Services Commission in the development of the Local Government Performance Monitoring Framework. In 2010/11 Council also commenced a review of Council's Service Promise to the community. The review will be completed during 2011/12.

Victorian Local Government Indicators

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

TERM	DESCRIPTION	DEFINITIONS	2008/09 RESULT	2009/10 RESULT	2010/11 RESULT
Overall performance	Community satisfaction rating for overall performance generally of Council	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 1), coordinated by Local Government Victoria.	61	67	67
Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 4), coordinated by Local Government Victoria.	56	64	65
Engagement	Community satisfaction rating for Council's engagement in decision-making on local issues	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 5), coordinated by Local Government Victoria.	54	64	62
All rates	Average rates and charges per assessment	Rates and charges declared as being receivable, in the calculations for the adopted rates, at the beginning of the year, including: <ul style="list-style-type: none"> • general rates and charges declared under ss.160, 161, and 161 A of the Local Government Act 1989 • municipal charges and service rates and charges (i.e., garbage services) levied under ss.159 and 162. • supplementary rates declared, divided by the number of assessments used in the calculation of the adopted rate (i.e., that is, when the rate was struck). 	\$1,229.87	\$1257.67	\$1,309.97
Residential rates	Average residential rates and charges per assessment	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "all rates", except for residential assessments only, divided by the number of residential assessments used in the calculation of the adopted rate (i.e., that is, when the rate was struck).	\$1,016.62	\$1068.35	\$1,131.05
Infrastructure	Renewal	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which it had originally to the AAAC*, totalled for each and every infrastructure asset to give one ratio.	76%	80%	80%

TERM	DESCRIPTION	DEFINITIONS	2008/09 RESULT	2009/10 RESULT	2010/11 RESULT
Infrastructure cont.	Renewal and maintenance	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally, plus current spending on maintenance: <ul style="list-style-type: none"> • to AAAC* plus planned maintenance (the expected level of maintenance which was used in the calculation of the useful life of the asset), divided by useful life • totalled for each and every infrastructure asset to give one ratio. 	104%	115%	123%
Debts	Average liabilities per assessment	Total liabilities as per the Balance Sheet (previously known as the statement of financial position), less items held in trust (reflected in assets also held), divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck). <i>N.B. Items held in trust does not include employee leave entitlements such as long service leave</i>	\$383.29	\$444.29	\$383.14
Operating results	Operating result per assessment	Profit/Loss for the period as per the Comprehensive Income Statement (previously known as surplus deficit) for the period, per the Income Statement, also previously known as the bottom line, as per statement of financial performance), divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck). A note should be provided to this indicator explaining any major factors, including their dollar amount, which have contributed to the result. For example, capital grants, developer contributions, revaluations of non-current assets and the result would be excluding these major factors. <i>N.B. Surpluses should be shown as positive and losses as negatives.</i>	\$67.92	-\$65.78	\$18.23 ¹
Operating costs	Average operating expenditure per assessment	Total expenses as per the Income Statement (previously known as the statement of financial performance), plus net gain (loss) on disposal of property, plant and equipment infrastructure, divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck) <i>N.B. Where major factors of expenditure such as devaluations or transfers of assets are excluded, Councils should provide a note explaining what has been excluded.</i>	\$2,142.06	\$2369.29	\$2,366.69
Capital expenditure	Average capital expenditure per assessment	Amount of Council's expenditure capitalised to the Balance Sheet (previously known as the statement of financial position) and contributions by a local government to major assets not owned by the local government, including expenditure on: <ul style="list-style-type: none"> • capital renewal of existing assets which returns the service potential or the life of the asset to that which it had originally. • capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users. • capital upgrade which upgrades an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. • divided by the number of assessments used in the calculation of the adopted rate (i.e., when the rate was struck) 	\$433.18	\$304.01	\$223.74

¹ Council's operating result for 2010 included the full impact of the \$5 million for the St Kilda Triangle settlement as well as an abnormally high level of capital works expenditure that was expensed hence the impact on the operating result which was an operating loss. In comparison, Council did not have any significant expenditure in 2011 which resulted in a marked improvement in the operating result and is reflected in the operating result per assessment.

*The Average Annual Asset Consumption (AAAC) is the amount of a Local Government's asset base consumed during a year based on current replacement cost (that is, cost or fair value)



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Chief Financial Officer's Report

Financial Performance

Council has continued to consolidate its solid financial foundation through a focus on cost control, effective cash flow and working capital management. This has enabled it to increase its holdings in cash deposits and bank bills from \$50 million to \$53 million while also settling the Vision Super defined benefits liability of \$2 million from its operating cash flow and avoiding additional borrowings. Some of the key outcomes of the focus on cost control and cash flow management are:

- Continuing balance sheet strength with the Working Capital ratio which measures Council's ability to meet its short-term financial commitments increasing markedly from 2.24:1 to 2.55:1.
- A reduction of \$514,000 (0.7%) in Council's normalised underlying non labour expenditure compared to 2009/10. This reduction has been made possible through tight budgetary control and expenditure restraint.
- A \$751,000 (36%) increase in interest earned on investments.
- Ongoing debt reduction has resulted in the value of its outstanding interest bearing debt being reduced by \$534,000 to \$2.837 million.

While this improved liquidity is partly attributable to an increase in the value of capital works carried over to the 2011/12 financial year, this outcome is particularly pleasing given that the unbudgeted settlement of the Vision Super liability has been funded and the St Kilda Triangle settlement which was finalised in July 2011. Council now has a solid financial platform to leverage from going forward.

Council is required to report a comprehensive result, which includes other comprehensive income exclusively obtained as a result of the net asset revaluation increments. The net asset revaluation increment following the mandatory revaluation of council's drainage assets is \$7.529 million (2009/10 \$23.782 million net increment). This has resulted in Council reporting a comprehensive surplus of \$8.675 million (2009/10 \$19.677 million surplus).

Results at a Glance

Details of the following information are contained within the financial statements of the Annual Report:

- A cash surplus of \$18.083 million, \$4.653 million higher than last year and \$2.654 million higher than the budget
- An operating profit of \$1.146 million, a \$5.251 million improvement on last years result
- An operating result \$9.300 million unfavourable compared to budget
- A comprehensive surplus of \$8.675 million, \$11.002 million less than last year
- Revenue \$149.933 million, up \$6.173 million from last year
- Expenses \$148.787 million, up \$922,000 from last year
- \$53.266 million cash and financial assets, up \$2.993 million from last year
- A \$2.378 million increase in property, plant, infrastructure and equipment
- Net assets of \$1.882 billion, up \$8.675 million from last year

Chief Financial Officer's Report (cont.)

Net Result

Council has reported a profit of \$1.146 million in 2010/11 (2009/10: \$4.105 million loss). This improved result is attributable to the inclusion of the \$5 million St Kilda Triangle settlement in the 2009/10 results. The profit is, however, \$9.3 million unfavourable when compared to the original budgeted profit of \$10.446 million, due to expenditure exceeding budget in the following areas:

- The payment in full of the Vision Super liability of \$2.04 million (\$1.74 million more than budgeted)
- The reallocation of \$7.467 million from capital works to operating expenses, being operating expenses budgeted as capital works.

Underlying Result

Industry assessment of long-term financial viability takes into account the underlying result, ability to service borrowings, solvency and levels of capital expenditure on renewing and upgrading Council assets. Council continues to perform soundly against these assessment criteria.

Council's underlying result (see Table 1 below) reflects a surplus of \$5.055 million (2009/10: \$1.795 million). This improvement is mainly attributable to the impact of the one-off \$5 million settlement for the St Kilda triangle development paid in the prior year, as well as above-trend revenue increases, particularly in parking fees and fines (\$2.766 million or 11.88 % growth) and interest from investments (\$751,000 or 36% growth), which have helped offset the \$2.041 million superannuation call Council paid during the financial year.

Table 1 – Calculation of Underlying Result	2010/11 - \$000's	2009/10 - \$000's
Profit/(Loss)	1,146	(4,105)
St Kilda triangle settlement	0	5,000
Impairment (gain)/loss	(79)	(1,306)
Contributed assets	(296)	0
Non recurrent grants	(51)	(1,905)
Loss on disposal of assets	4,335	4,111
Underlying Result	5,055	1,795

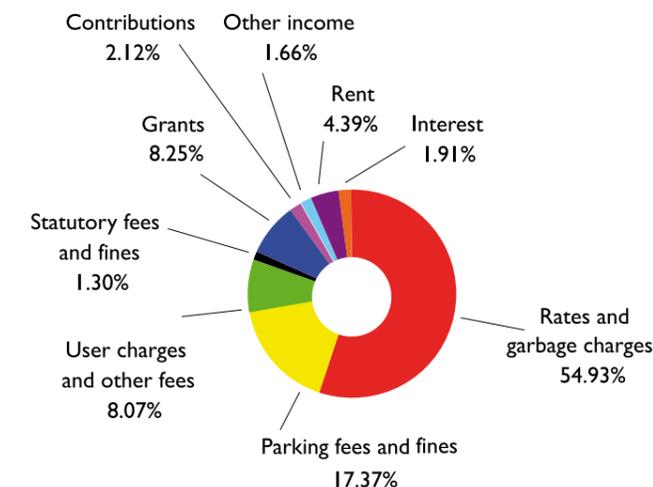
Council's capital expenditure of \$14.066 million is 50% of the \$28.132 million budgeted. This underexpenditure is due to:

- The transfer to operating expenditure of project costs that were incurred for landscaping, work on Vic Roads assets and other items that don't meet the criteria of capital expenditure under Council's accounting policy - \$7.467 million
- Provision for an increase of \$5.096 million in the capital works roll over to \$17.193 million.

Income

Total revenue for the financial year was \$149.933 million, increasing \$6.173 million from 2009/10. Contributing to this increase were favourable rates and garbage charges (up \$4.335 million or 5.56%), parking fees and fines (up \$2.766 million or 11.88%), user charges and other fees (up \$1.177 million or 10.77%) and interest (up \$751,000 or 35.64%). See below for further information.

The following graph provides a breakdown of income sources for the Council in 2010/11:



RATE INCOME

Rate income, which contributes to 54.93% of Council's income, has increased by \$4.335 million (5.56%) from \$78.019 million in 2009/10 to \$82.354 million. This is due to an effective increase of 4.5% in Council rates, an increase of 0.73% in the number of rateable assessments compared to 2009/10, and an increase in the value of supplementary rates raised of \$336,000.

PARKING FEES AND FINES

Parking fees and fines, the second largest source of income for Council contributing 17.4% of total income, increased by \$2.766 million (11.9%). This is due to an increase in infringement income of \$1.8 million (15%) linked to improved enforcement and an additional \$897,000 in ticket machine income which is linked to increases in fees charged.

GRANTS INCOME

Grants income, which makes up 8.25% of Council's total income, decreased in 2010/11 by \$1.738 million (12.3%) due to the receipt of \$1.750 million of non-recurrent funding for the Middle Park Beach Ongoing Maintenance project in 2009/10.

USER CHARGES AND OTHER FEES

User charges and other fees contributed 8.1% to Council's total income, and increased by \$1.177 million (10.8%) due to a 5.5% increase in the child-care fees rate and increased income received from development permits and street occupation fees (\$551,000).

CONTRIBUTIONS

Contributions make up 2.1% of Council's total income and decreased by \$574,000 or 15.3% due to a reduction in income received from developer contributions in the Port Melbourne area (\$2 million), offset by increases in income received from Albert Park (\$840,000) and Elwood (\$564,000).

STATUTORY FEES AND FINES

Statutory fees and fines contribute a small portion to overall income for Council (1.3%) and are up 36.7% or \$524,000 due to kerbside permits being accounted for when the invoices were sent out during the financial year, rather than when the payments are received.

INTEREST INCOME

Interest contributed 1.91% to total income and increased by \$751,000 (35.6%) due to additional funds being available for investment as a result of delays in completing capital works projects and a firmer interest rate environment.

OTHER INCOME

Other income made up 1.66% of Council's income and decreased by \$1.068 million or 30.1% due to the impairment gain on Council's investment in a Deutsche Bank floating rate note being \$79,000 following the 2010/11 valuation in comparison to a gain of \$1.306 million in 2009/10.

RENTAL INCOME

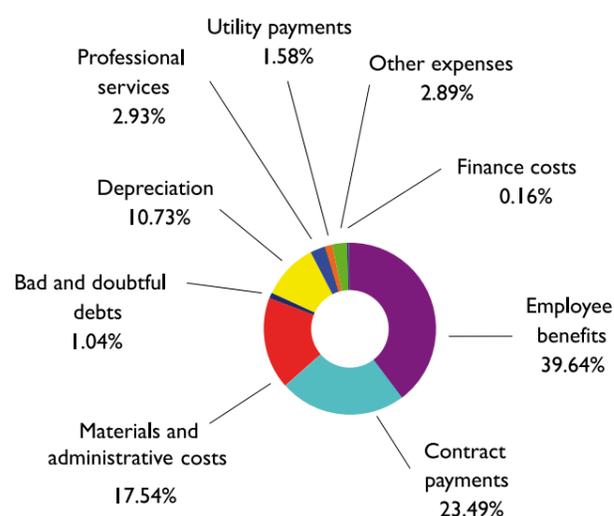
Rental income, which is 4.4% of Council's total income, remained steady in this financial year.

Chief Financial Officer's Report (cont.)

Expenses

Total expenses for the financial year were \$148.787 million, up \$922,000 or 0.62% from 2009/10. Contributing to this was the impact of the one-off settlement of \$5 million for the St Kilda triangle development in the prior year, which has been offset by the \$2.041 million superannuation shortfall payment in 2010/11 and other increases in employee benefits detailed below.

The following graph provides a breakdown of the different types of expenses for the Council in 2010/11:



EMPLOYEE BENEFITS

Employee expenses comprise 39.6% of total expenses and have increased by \$6.482 million (12.7%) in 2010/11 from \$50.780 million to \$57.262 million due to the following factors:

- the impact of the \$2.041 million superannuation call,
- the 4.0% Enterprise Bargaining salary increment in July 2010,
- increases in Council's long service and annual leave provisions,
- a prior year one-off reduction in work cover of \$500,000 (2010/11: \$162,000).

CONTRACT SERVICES

Contract services make up 23.5% of total expenses and have increased by \$767,000 (2.3%). The main drivers for this are CPI-linked increases in contracts offset by below-trend growth in contract expenditure for valuations (non-revaluation year) and maintenance and construction expenses which reduced by over \$1 million year on year.

MATERIALS AND ADMINISTRATIVE COSTS

Materials and administrative costs contribute 17.5% to total expenses and have increased by \$212,000 (0.8%).

DEPRECIATION

Depreciation makes up 10.7% of total expenditure and has decreased by \$1.491 million (8.8%) as a result of the removal of Vic Roads assets from Council's database.

PROFESSIONAL SERVICES

Professional services are 2.9% of total expenses and have decreased by \$443,000 (9.5%) due to reductions in non-capital projects in 2010/11 (\$133,000) and reduced consulting fees for the production of Divercity (\$228,000).

OTHER EXPENSES

Other expenses make up 2.9% of all expenses and have decreased by \$4.783 million due to the prior year payment of a \$5 million one-off settlement to BBC Investments for the termination of the St Kilda Triangle development agreement.

BAD AND DOUBTFUL DEBTS

Bad and doubtful debts (1.0% of total expenses) decreased by \$136,000 (8.3%) in this financial year due to a decrease in the provision required for parking debtor accounts which are at the PERIN Court (\$82,000), and a reduction in sundry debtors due to an adjustment in the doubtful debts provision at the end of the financial year.

UTILITY PAYMENTS AND FINANCE COSTS

Utility payments and finance costs contribute 1.6% and 0.2% of total expenses and have remained steady this financial year.

LOSS ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

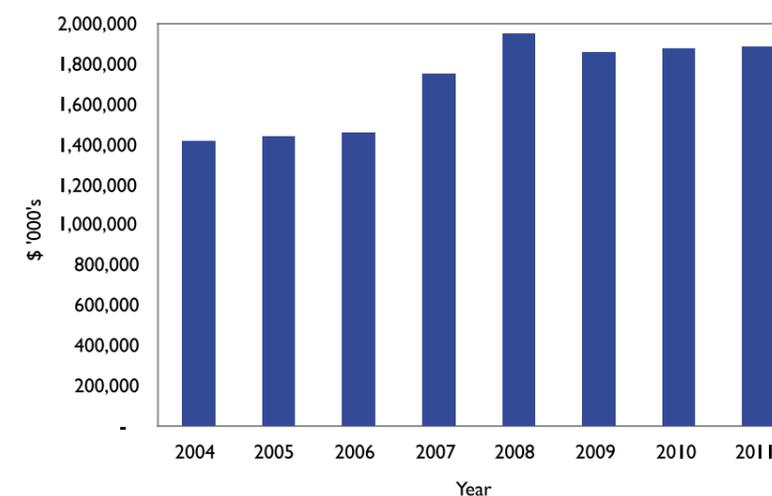
The loss on disposal of property, infrastructure, plant and equipment of \$4.335 million reflects the disposal of infrastructure assets as well as the demolition of the St Kilda Children's Centre (\$1.100 million).

FINANCIAL STRENGTH

Net assets increased slightly by \$8.675 million (0.5%) to \$1.882 billion as a result of an increment in the value of Council's drainage assets. The Council's net assets have reflected a stepped growth pattern over the past five years, with a slight decline in 2009 following a significant write-down of land assets. The main driver for movements in the value of Council's net assets is the impact of asset revaluations which take place over a rolling three-year cycle.

The trend of increasing net asset values is almost entirely attributable to increased asset revaluations and while cash balances have increased over this period, this has an insignificant impact when measured against the scale of the changed non-current asset valuations.

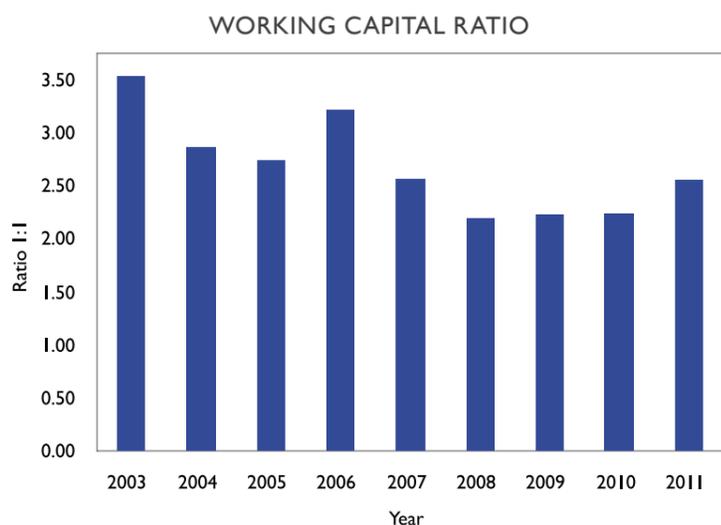
NET ASSETS



Chief Financial Officer's Report (cont.)

The working capital ratio expresses the level of current assets that Council has to meet its current liabilities. The standard working capital ratio benchmark is a ratio of 1.5:1. The current working capital ratio of 2.55:1 indicates that the Council has over two and a half times more current (short-term) assets available to pay current (short-term) liabilities, or \$2.55 of current assets for every \$1 of current liabilities.

The slight increase in the ratio from previous years is due to an increase in cash balances held at the end of the 2010/11 financial year as a result of delays in expending the capital works budget, and a reduction in liabilities as a result of a portion of the St Kilda Triangle settlement being paid during the financial year.



CURRENT ASSETS AND LIABILITIES

The Council's current assets balance of \$60.504 million is primarily made up of short-term bank deposits (\$37.569 million) and longer dated bank deposits (\$22.044 million), which have increased this year by \$4.914 million (43.6%). This is due to delays in expending the capital works budget resulting in a \$5.096 million increase in the capital carry-over to \$17.193 million. Receivables of \$10.048 million have increased by \$870,000 due to increased GST receivables (\$570,000) and rates receivables (\$219,000).

The Council's current liabilities balance of \$23.733 million has decreased by \$1.029 million or 4.1%.

Non-current assets

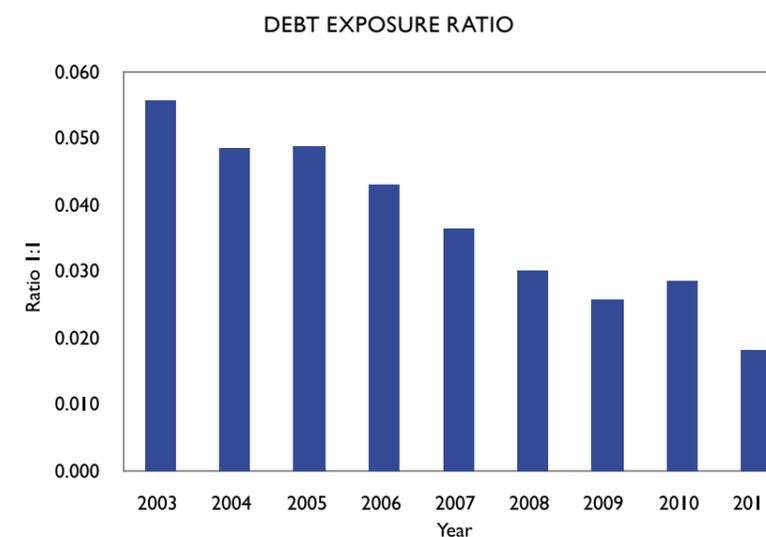
The Council discloses asset values in accordance with Australian Accounting Standards. Compliance with the standards means that the carrying values of the assets are either at cost or fair value and that the recorded values are regularly assessed to ensure they are kept up to date by reference to the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

The Council's non-current assets balance has remained consistent at \$1.849 billion in 2010/11. While an independent valuation of the council's drainage assets resulted in an increment of \$7.529 million in the asset value, this has been offset by annual depreciation and the value of assets that were scrapped or disposed of being greater than asset acquisitions and capitalised assets. Fair-value assessments of the Council's land improvements, land and buildings and roads, footpath and bridges assets were also undertaken at 30 June 2011 with no significant changes noted from the prior year.

Non-current liabilities

The Council's non-current liabilities have decreased by \$2.139 million from \$5.318 million to \$3.179 million. This reduction includes the reclassification of a \$1.5 million liability from non-current to current and a reduction of \$548,000 in interest-bearing liabilities.

The debt exposure ratio enables the assessment of Council's solvency and exposure to debt. The Council's exposure to debt as a proportion of realisable assets has shown a sustained ongoing reduction. This is due to a combination of its debt reduction program and increases in the value of its realisable assets. The marginal increase in 2010 was due to Council holding more restricted assets (monies in trust and increased statutory reserves).



CASH

Cash has decreased by \$2.680 million in the current financial year to \$27.369 million (2009/10: \$30.049 million). This is due to increased cash outflows as detailed below.

Cash flows from operating activities

Council's net operating cash inflow of \$18.057 million has declined from \$22.106 million in 2009/10 due to the payment of \$2 million to BBC Triangle Investments during the financial year as part of the settlement for the St Kilda Triangle development and a one-off superannuation call of \$2.041 million.

Cash flows from investing activities

Council's net cash outflows attributable to investing activities of \$19.718 million have increased by \$3.201 million. This is due to a \$1.341 million increase in payments for property, infrastructure, plant and equipment projects of \$14.066 million and a reduction of \$1.2 million in proceeds from the sale of assets.

Cash flows from financing activities

Council's net cash outflow from financing activities of \$1.019 million has increased marginally due to an increase in the redemption of borrowings.

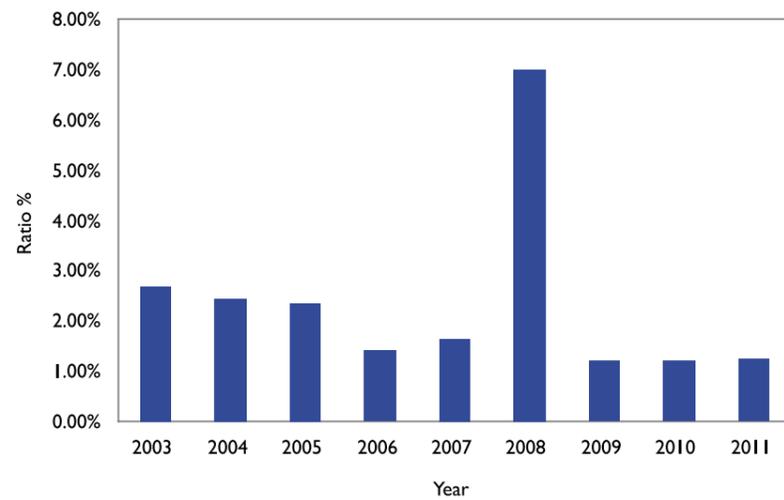
Chief Financial Officer's Report (cont.)

Key Financial Indicators

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

DEBT COMMITMENT RATIO

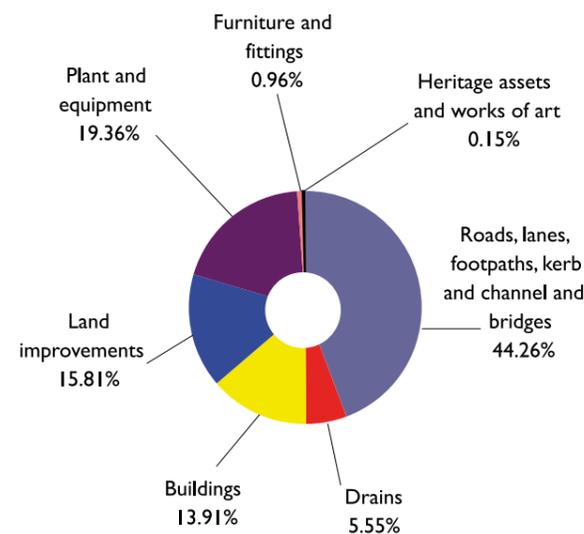
This ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. The Council's debt commitment ratio, which compares its debt commitment (principal and interest) to its rate revenue, decreased significantly in 2009 due to the accelerated repayment of a loan during the 2008 financial year, which was a one-off. The ratio has now reduced to 1.22% which is consistent with the long-term trend.



BREAKDOWN OF CAPITAL EXPENDITURE 2011

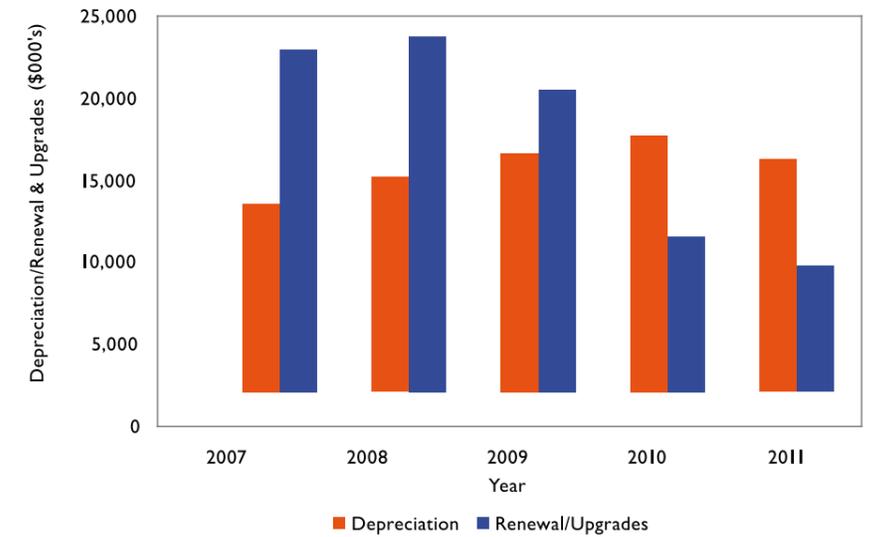
The breakdown of the Council's capital works and capital expenditure into the different categories of renewals and upgrades on existing assets, and new assets illustrates that there has been a significant amount of attention given to renewal of existing assets, which now account for over half of the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

This is attributable to the attention that has been placed by the Council on minimising the whole-of-life costs of its infrastructure through an optimal renewals program.



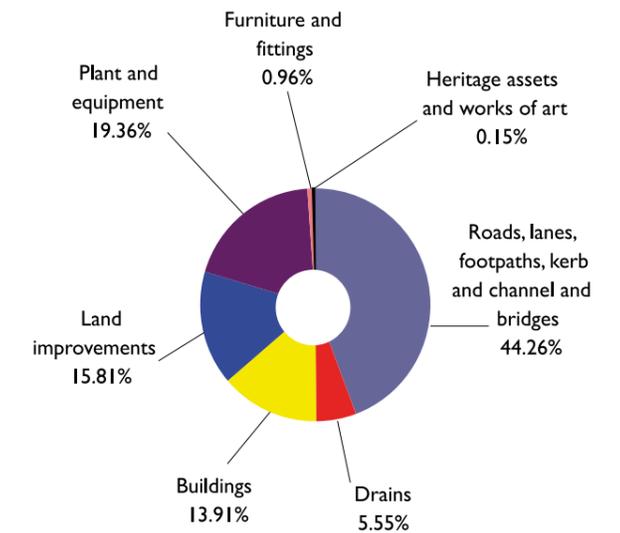
CAPITAL RENEWAL/UPGRADES VS DEPRECIATION

The Council's expenditure on asset renewals and upgrades has exceeded its depreciation charge in the past indicating that it is fully funding the wear and tear on its assets. In the 2010 and 2011 financial years depreciation exceeded capital renewal due to the reclassification of capital expenditure to operating expenditure (\$8.797 million and \$7.467 million respectively), and delays in progressing the capital works budget.



CAPITAL EXPENDITURE BY ASSET CLASS

The breakdown of capital expenditure by asset class indicates that Council's main focus of spending has been on the city's infrastructure (including drains), followed by plant and equipment, buildings and land improvements (parks).



Plain English Guide to the Financial Report

The financial report includes a General Purpose Financial Report, Standard Statements and a Performance Statement for the Port Phillip City Council for the year ended 30 June 2011. The report highlights Council's financial performance and overall position at the close of the 2010/11 financial year (30 June 2011) 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 (Finance and Reporting) Regulations 2004.

Introduction

The Plain English Guide has been prepared to assist the readers' understanding of the Financial Report and Standard Statements 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 Plain English Guide 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 Reports?

The Council's Financial Report has two main sections: the Financial Statements and the accompanying notes. There are four Financial Statements and forty-three notes. The four Financial Statements are the:

- Statement of Comprehensive Income;
- Statement of Financial Position
- Statement of Changes in Equity, and
- Statement of Cash Flows.

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 Committee and then presented to the Auditor-General for audit.

Statement of Comprehensive Income

The Statement of Comprehensive Income 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, and
- 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.

Statement of Financial Position

The Statement of Financial Position or 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 Statement of Financial Position 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 3 months.
- **Financial Assets** reference the value of Council's longer-term financial investments (maturity greater than 3 months), such as bank bills, term deposits and floating rate notes, as well as the value of shares Council holds.
- **Receivables** are monies owed to the Council for rates, parking, fines, GST refunds, home support, and other services provided by the Council.
- **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.
- **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.

CURRENT AND NON-CURRENT LIABILITIES

- **Payables** are suppliers to whom the Council owes money as at 30 June.
- **Trust Funds and deposits** represent monies held in trust 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 Liabilities** are the borrowings (including finance leases) taken out by the Council.

NET ASSETS

- This term is used to describe the difference between the value of **Total Assets** and the value of **Total Liabilities**. It represents the net 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.
- **Asset Revaluation Reserves** - the difference between the previously recorded value of assets and their current valuations.
- **General Reserves** - allocations from the **Accumulated Surplus** for specific projects.

Plain English Guide to the Financial Report *(cont.)*

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; and
- 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 asset 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.

Notes to the Accounts

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

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

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

Other notes include:

- The cost of the various functions of the Council;
- The break-down of expenses, revenues, reserves, and other assets;
- 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.

What are Standard Statements?

The Local Government Act 1989, as amended by the Local Government (Democratic Reform) Act 2003, requires all councils to include Standard Statements in each of their three key planning and reporting documents produced each year. These documents are the Council Plan including the Strategic Resource Plan, Annual Budget, and Annual Report. A complete suite of Standard Statements has been prepared (Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and Standard Statement of Capital Works) as required by this legislation and they have been audited as part of the annual external audit process.

The objective of the Standard Statements is to provide clear linkages and comparability between the financial information contained in the three key planning and reporting documents produced each year: the Council Plan including the Strategic Resource Plan, the Annual Budget, and the Annual Report.

The figures disclosed on the Standard Statements are prepared on a basis consistent with the Council budget format and individual line items in the Standard Statements may differ to those disclosed in the Financial Statements. The statements provide a comparison between the actual results at the end of the financial year and the original budget adopted at the start of the year. Explanations for variations greater than 10% or \$200,000 and other large absolute variances have been provided in the Notes to the Standard Statements.

Performance Statement

The Performance Statement reports on performance against the Key Strategic Activities for the financial year. The Local Government Act 1989 requires identification of key activities to be pursued in support of the Strategic Objectives. The Council Plan 2009-2013 identified four strategic objectives. For each of these, key strategic activities and associated performance measures have been identified. The Performance Statement reports on the outcome of these measures.

Statements by Principal Accounting Officer and Councillors

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

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

Auditor General's Report

The Independent Audit Report is the external and independent opinion on the Financial Statements. The audit opinion confirms that the Financial Statements including the Standard 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. 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 against its Key Strategic Activities in accordance with the statutory requirements of the Local Government Act 1989.

Statement of Comprehensive Income

for the year ended 30 June 2011

INCOME	NOTE	2011 \$'000	2010 \$'000
Rates and garbage charges	2	82,354	78,019
Parking fees and fines	3	26,047	23,281
User charges and other fees	4	12,103	10,926
Statutory fees and fines	5	1,953	1,429
Grants	6	12,376	14,114
Contributions	7	3,184	3,758
Other income	8	2,482	3,550
Interest		2,858	2,107
Rent		6,576	6,576
TOTAL INCOME		149,933	143,760
EXPENSES			
Employee benefits	9	57,262	50,780
Contract services	10	33,930	33,163
Materials and administrative costs	11	25,336	25,124
Bad and doubtful debts	12	1,506	1,642
Depreciation	13	15,495	16,986
Professional services		4,234	4,677
Utility payments		2,287	2,191
Other expenses	14	4,174	8,957
Finance costs	15	228	234
Net loss on disposal of property, infrastructure, plant and equipment	16	4,335	4,111
TOTAL EXPENSES		148,787	147,865
SURPLUS/(DEFICIT)		1,146	(4,105)
OTHER COMPREHENSIVE INCOME			
Net asset revaluation increment/(decrement)	26	7,529	23,782
COMPREHENSIVE SURPLUS		8,675	19,677

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

Statement of Financial Position

as at 30 June 2011

	NOTE	2011 \$'000	2010 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	17	27,369	30,049
Financial assets	18	22,044	14,450
Receivables	19	10,048	9,178
Other assets	20	1,043	1,777
TOTAL CURRENT ASSETS		60,504	55,454
NON-CURRENT ASSETS			
Financial assets	18	3,853	5,774
Property, infrastructure, plant and equipment	21	1,844,811	1,842,433
TOTAL NON-CURRENT ASSETS		1,848,664	1,848,207
TOTAL ASSETS		1,909,168	1,903,661
LIABILITIES			
CURRENT LIABILITIES			
Payables	22	11,980	14,043
Trust funds and deposits	23	2,825	2,352
Provisions	24	8,076	7,529
Interest-bearing loans and borrowings	25	852	838
TOTAL CURRENT LIABILITIES		23,733	24,762
NON-CURRENT LIABILITIES			
Payables	22	-	1,500
Provisions	24	1,194	1,285
Interest-bearing loans and borrowings	25	1,985	2,533
TOTAL NON-CURRENT LIABILITIES		3,179	5,318
TOTAL LIABILITIES		26,912	30,080
NET ASSETS		1,882,256	1,873,581
EQUITY			
Accumulated surplus		561,853	562,560
Reserves	26	1,320,403	1,311,021
TOTAL EQUITY		1,882,256	1,873,581

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

Statement of Changes in Equity

for the year ended 30 June 2011

2011	NOTE	TOTAL	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVES	OTHER RESERVES
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		1,873,581	562,560	1,285,519	25,502
Surplus/(deficit)		1,146	1,146	-	-
Net asset revaluation increment/(decrement)	26(a)	7,529	-	7,529	-
Transfers to other reserves	26(b)	-	(9,424)	-	9,424
Transfers from other reserves	26(b)	-	7,571	-	(7,571)
BALANCE AT END OF THE FINANCIAL YEAR		1,882,256	561,853	1,293,048	27,355

2010	NOTE	TOTAL	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVES	OTHER RESERVES
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		1,853,904	569,433	1,261,737	22,734
Surplus/(deficit)		(4,105)	(4,105)	-	-
Net asset revaluation increment/(decrement)	26(a)	23,782	-	23,782	-
Transfers to other reserves	26(b)	-	(11,034)	-	11,034
Transfers from other reserves	26(b)	-	8,266	-	(8,266)
BALANCE AT END OF THE FINANCIAL YEAR		1,873,581	562,560	1,285,519	25,502

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 2011

	NOTE	2011 INFLOWS/ (OUTFLOWS) \$'000	2010 INFLOWS/ (OUTFLOWS) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and garbage charges		82,135	78,488
Parking fees and fines		25,082	22,866
User charges and other fines (inclusive of GST)		14,668	12,602
Grants (inclusive of GST)		12,747	14,537
Contributions		2,888	3,758
Interest		2,779	1,656
Rent (inclusive of GST)		7,036	7,036
Other receipts (inclusive of GST)		2,338	2,358
Net GST refund		4,378	4,813
Payments to suppliers (inclusive of GST)		(45,347)	(43,617)
Payments to employees		(58,016)	(49,831)
Other payments		(32,631)	(32,560)
NET CASH PROVIDED BY OPERATING ACTIVITIES	27	18,057	22,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(14,124)	(12,783)
Proceeds from sale of property, infrastructure, plant and equipment		-	1,200
Proceeds from sale of other financial assets		14,450	7,716
Payments for other financial assets		(20,044)	(12,650)
NET CASH (USED IN) INVESTING ACTIVITIES		(19,718)	(16,517)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing liabilities		(793)	(715)
Finance costs		(226)	(232)
NET CASH (USED IN) FINANCING ACTIVITIES		(1,019)	(947)
Net increase in cash and cash equivalents		(2,680)	4,642
Cash and cash equivalents at the beginning of the financial year		30,049	25,407
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	28	27,369	30,049
FINANCING ARRANGEMENTS	29		
RESTRICTIONS ON CASH ASSETS	30		
NON-CASH FINANCING AND INVESTING ACTIVITIES	25		

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

Notes to the Financial Report

for the year ended 30 June 2011

Introduction

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

The purpose of Council is to:

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

External Auditor	Auditor-General of Victoria
Internal Auditor	Pitcher Partners
Bankers	Commonwealth Bank of Australia
Website	www.portphillip.vic.gov.au

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

Note 1 Significant accounting policies

(a) BASIS OF ACCOUNTING

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes I(f), I(q) and I(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.

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

Note 1 Significant accounting policies (continued)

(b) REVENUE RECOGNITION

Rates, grants and contributions

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

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

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

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

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

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

User charges, fees and fines

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

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

Sale of property, infrastructure, plant and equipment

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

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Interest

Interest is recognised progressively as it is earned.

Note 1 Significant accounting policies (continued)**(c) DEPRECIATION OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT**

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

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

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

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

ASSET TYPE	PERIOD
Land and buildings	
Buildings	100 years
Land improvements	10 - 100 years
Plant and equipment	
Communications equipment	3 years
Furniture & fittings	5 years
Information technology	3 years
Library books	5 years
Motor vehicles	5 years
Office equipment	5 years
Pay parking equipment	5 - 10 years
IT software	3 years
Heritage assets	100 years
Works of art	100 years
Infrastructure	
Roads	
- Substructure	100 years
- Seal	
- Asphalt	30 years
- Spray	18 years
Footpaths	40 - 50 years
Kerb and channel	50 years
Drains	150 years
Bridges	
- Substructure	40 - 80 years
- Deck	20 - 80 years
Lanes (Right of Ways)	18 - 100 years

(d) REPAIRS AND MAINTENANCE

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

Note 1 Significant accounting policies (continued)**(e) BORROWING COSTS**

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

(f) RECOGNITION AND MEASUREMENT OF ASSETS**Acquisition**

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

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

The following classes of assets have been recognised in Note 21. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

ASSET CLASS	THRESHOLD LIMIT
LAND AND BUILDINGS	
Land	All
Buildings	\$5,000
Land improvements	\$5,000
Land under roads	\$5,000
PLANT AND EQUIPMENT	
Communications equipment	\$2,000
Furniture & fittings	\$2,000
Information technology	\$2,000
Library books	All
Motor vehicles	\$2,000
Office equipment	\$2,000
Pay parking equipment	\$2,000
IT software	\$10,000
Heritage assets	All
Works of art	All
INFRASTRUCTURE	
Roads	\$5,000
Substructure	\$5,000
Seal	\$5,000
- Asphalt	\$5,000
- Spray	\$5,000
Footpaths	\$5,000
Kerb and channel	\$5,000
Drains	\$5,000
Bridges	\$5,000
- Substructure	\$5,000
- Deck	\$5,000
Lanes (Right of Ways)	\$5,000

Note 1 Significant accounting policies (continued)

(f) RECOGNITION AND MEASUREMENT OF ASSETS (CONTINUED)

Revaluation

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

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

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

Land under roads

Land under roads is brought to account using the fair value basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report. From 1 July 2008, Council will recognise any material land under roads that comes into Council's control within the financial report. There is no financial impact of this change in accounting policy.

(g) CASH AND CASH EQUIVALENTS

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

(h) FINANCIAL ASSETS

Financial assets, including investments such as bank bills, are held to maturity and measured at cost.

Shares in Municipal Association Purchasing Scheme (MAPS), Regional Kitchen Pty Ltd and RFK Pty Ltd are available for sale and are measured at cost.

(i) COMMUNITY HOUSING AGREEMENTS

In the 2007/08 financial year Council transferred its interest in Community Housing assets that it had developed in conjunction with the Office of Housing to the Port Phillip Housing Trust. The Port Phillip Housing Association has been appointed the Trustee. This transfer was made in recognition of the fact that the Port Phillip Housing Association manages and maintains these properties and provides disadvantaged members of the Port Phillip community with access to affordable housing within the municipality. The transfer facilitates increased growth in affordable housing in the municipality and is in accordance with Council's policy objectives and outcomes identified in the Council Plan.

During the year Council had an interest in four properties (2010/11: 4), two of which are Council owned (2010/11: 2), one part-owned with the State Government's Office of Housing (2010/11: 1) and one wholly owned by the Office of Housing (2010/11: 1). These assets are included as part of Land and Buildings in Note 21 and are subject to joint venture agreements with the Office of Housing. Additional information in regard to restrictions on these assets is disclosed at Note 30.

Note 1 Significant accounting policies (continued)

(j) TENDER DEPOSITS

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

(k) EMPLOYEE BENEFITS

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for employee benefits includes annual leave, long service leave and retirement gratuities.

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

Classification as current and non-current

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

Wages and salaries

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

Annual leave

All annual leave is deemed to be current. Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid with reference to estimated settlement of the leave as at 30 June 2011, taking into account attrition rates, pay increases through promotion and certified agreements and increments. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements.

Long service leave

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

Retirement gratuities

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

Superannuation

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits scheme. Details of these arrangements are recorded in Note 31.

Note 1 Significant accounting policies (continued)**(l) LEASES****Operating leases**

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

Finance leases

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

(m) ALLOCATION BETWEEN CURRENT AND NON-CURRENT

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

(n) WEB SITE COSTS

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

(o) 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.

(p) ROUNDING

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

(q) ASSETS HELD FOR SALE

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

(r) IMPAIRMENT OF ASSETS

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

(s) 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 inclusive of the GST payable.

Note 1 Significant accounting policies (continued)

(t)	PENDING ACCOUNTING STANDARDS AND INTERPRETATION	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING OR ENDING ON	IMPACT ON LOCAL GOVERNMENT FINANCIAL STATEMENTS
STANDARD / INTERPRETATION	SUMMARY		
AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> - Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; - Removing the tainting rules associated with held-to-maturity assets; - Simplifying the requirements for embedded derivatives; - Removing the requirements to separate fair-value embedded derivatives for financial assets carried at amortised cost; - Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and - Reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.
AASB 124: Related Party Disclosures	This standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to local government it is often used as guidance, as such there will be greater clarity on the disclosure of inter-government transactions.
AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council.

Note 2 Rates and garbage charges

Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.

The valuation base used to calculate general rates for 2010/11 was \$2.266 billion (2009/10 was \$2.092 billion).
The 2010/11 rate in the NAV dollar was 3.6099 cents (2009/10: 3.7135 cents).

	2011 \$'000	2010 \$'000
Residential	62,633	58,710
Commercial	14,802	14,674
Industrial	3,626	3,665
Supplementary rates and rate adjustments	666	330
Garbage bin charge	217	206
Interest on rates overdue	410	434
	82,354	78,019

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2010 and this valuation was first applied to the rating period commencing 1 July 2010.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2008 and the valuation was first applied to the rating year commencing 1 July 2008.

Note 3 Parking fees and fines

	2011 \$'000	2010 \$'000
Parking fines and other charges	13,665	11,863
Parking fees - ticket machines	11,202	10,305
Parking permits	1,180	1,113
	26,047	23,281

Note 4 User charges and other fees

	2011 \$'000	2010 \$'000
Aged services	897	1,016
Animal management services	357	344
Arts and festivals	81	93
Building services	266	281
Child care, childrens' services and programs	5,785	5,373
Derelict vehicles	399	458
Fines and cost recoveries	114	151
Market fees	561	420
Planning fees	2,692	2,141
Re-instatement works	42	41
Services fees and charges	564	376
Waste management	262	240
Other fees and charges	(216)	(388)
Parking administration fees	299	380
	12,103	10,926

Note 5 Statutory fees and fines

	2011 \$'000	2010 \$'000
Crane permit fees	196	234
Health and food act fees	632	621
Kerbside permits	981	427
Land information certificates	144	147
	1,953	1,429

Note 6 Grants

Grants were received in respect of the following:

SUMMARY OF GRANTS

	2011 \$'000	2010 \$'000
Federally funded grants	1,252	1,218
State funded grants	11,124	12,896
	12,376	14,114

RECURRENT

FEDERALLY FUNDED

	2011 \$'000	2010 \$'000
Respite & Home Support	5	4
Emergency Services	21	26
Family Planning	36	27
Home Care - Elderly	8	-
Child Care	287	255
Adventure Playground and Leisure	126	283
Vacation Care	13	-
Immunisation	18	17
Family Support	113	-
Arts	64	92
Roads to Recovery	18	-
Social Support	-	48
Maternal & Child Health	-	42
Capital Grants	542	417
	1,251	1,211

STATE FUNDED

	2011 \$'000	2010 \$'000
Respite & Home Support	357	342
Emergency Services	29	14
Maintenance services	229	223
Social Inclusion	272	125
Home Care - Elderly	1,615	1,576
Meals Services	752	682
Social Support	327	333
Maternal and child health	520	466
Child Care	346	431
Adventure Playground and Leisure	36	42
Vacation Care	72	176
Drug Prevention	35	25
Immunisation	33	26
Family support	340	292
Arts	286	248
Inner South East Partnerships in Community and Health	295	330
Street and Beach Cleaning	295	302
VicRoads	251	220
School Crossing	98	70
Capital Grants	1,666	1,919
Victorian Grants Commission	2,275	2,105
Environmental	-	33
Sport and Recreation	199	109
Tobacco Activity	14	10
Community Development	73	44
Community Transport	103	99
Business Group Program	-	30
Library Subsidy	556	547
Roads to Recovery	-	179
	11,074	10,998

TOTAL RECURRENT GRANTS

12,325 **12,209**

Note 6 Grants (continued)

	2011 \$'000	2010 \$'000
NON-RECURRENT		
FEDERALLY FUNDED		
Albert Park Baptist Church	1	1
Alcohol Education & Rehabilitation Foundation Grant	-	6
	1	7
STATE FUNDED		
Middle Park Beach Ongoing Maintenance	-	1,750
St Kilda Life Saving Club Feasibility Study & Design	-	6
St Kilda Wayfinding Project	-	37
After Hours Shared Services	-	32
You Tube Project	-	68
Stitched Up Drama Program	-	5
Balaclava Walk Development	30	-
South East Water Irrigation Rebate	20	-
	50	1,898
TOTAL NON-RECURRENT GRANTS	51	1,905
TOTAL GRANTS	12,376	14,114

SUMMARY OF THE NATURE OF GRANTS RECEIVED

Conditions on Grants: Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:

Cultural and recreational services	657	112
Environment and water conservation program	25	4
Community health	59	22
Community care	15	17
Child care services	12	51
Drugs strategy	30	25
Community facilities	14	-
Capital grants	1,406	-
Sustainable transport	-	10
Aged care and social support	38	7
Community development programs	12	80
	2,268	328

Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

Capital grants	97	168
Cultural and recreational services	211	63
Drug strategy	0	91
Aged care and social support	14	70
Grappling with graffiti	0	5
Child care services	41	521
Water conservation program	4	-
Community care	14	14
Community facilities	63	37
Community health	10	23
Customer service	0	32
Place management	54	94
Urban and strategic planning	0	30
	508	1,148

Net increase/(decrease) in restricted assets resulting from grant revenues for the year

1,760 **(820)**

Note 7 Contributions

	2011 \$'000	2010 \$'000
CASH		
Capital works contributions	172	255
Developer contributions	2,716	3,503
NON-MONETARY		
Vic Roads infrastructure assets transferred to Council	296	-
	3,184	3,758
CI3 DEVELOPER CONTRIBUTIONS SCHEME:		
<i>In 1998 the CI3 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.</i>		
<i>These estimates have been indexed by CPI and the value of works to be completed at 1 July 2009 was \$11.387 million.</i>		
Value of works outstanding	4,111	11,387
Works completed	(583)	(7,276)
Adjusted value of works	3,528	4,111
CPI adjustment (3.6% for 2010/11)	127	-
VALUE OF WORKS OUTSTANDING	3,655	4,111

Note 8 Other income

Donations	216	830
Sales – festivals and community activities	653	340
Insurance recovery	321	120
Sale of derelict vehicles	38	48
Property and valuations income	444	155
Sale of right of ways	175	117
Sundry income	501	634
Other Income	55	-
Impairment gain *	79	1,306
	2,482	3,550

* In 2008/09, Council recognised an impairment charge of \$1.737 million on one of the investments it holds, being a floating rate note for \$3 million with Deutsche Bank which has a maturity date of 23 November 2012. An updated valuation on this floating rate note was obtained at 30 June 2010, which reflected a \$1.306 million increase in the value to \$2.569 million reflected as an impairment gain. Council obtained another updated valuation at 30 June 2011 reflecting a further \$79,410 increase in the value to \$2.648 million. This movement is attributable to improvements in financial markets and the shorter term to maturity.

<i>Note 9 Employee benefits</i>	2011 \$'000	2010 \$'000
Wages and salaries	42,234	38,720
Agency and casual staff	2,700	2,829
Annual leave and long-service leave	4,885	3,882
Superannuation	3,954	3,632
Superannuation - additional call*	2,041	-
Fringe benefits tax and WorkCover	1,148	649
Redundancy costs	300	1,068
	57,262	50,780

* During the period Council was required to make an additional contribution to Vision Super to meet obligations in relation to members of the defined benefit plan.

<i>Note 10 Contract services</i>	2011	2010
Cleaning	5,322	4,804
Health, child care centres, kindergartens and schools	471	75
Festivals and programs	1,841	1,599
Food production	713	647
Information systems	439	557
Maintenance and construction	5,177	6,455
Parking administration and management	2,385	1,817
Parks, gardens and reserves	5,232	5,447
Perin lodgement fees	1,292	1,204
Recycling and waste management	5,730	4,793
Community service agreements	1,025	1,045
Security services	1,268	1,215
Valuations	597	840
Relocation and recruitment	344	290
Search fees	241	292
Corporate functions support	89	502
Insurance	51	53
Publications	302	99
Derelict vehicles	65	246
Social and community services	56	246
Holiday program	68	78
Environmental and outdoor design	273	200
Graffiti removal	238	115
Other	711	544
	33,930	33,163

<i>Note 11 Materials and administrative costs</i>	2011	2010
Advertising	1,111	834
Contributions - other	2,672	2,646
Insurance	1,714	1,112
Metropolitan Fire Brigade levy	2,236	2,121
Operating leases	3,578	3,491
Printing and stationery	794	893
Telephone charges	1,369	1,550
Training	949	593
Maintenance	9,305	10,025
Materials	1,608	1,859
	25,336	25,124

<i>Note 12 Bad and doubtful debts</i>	2011 \$'000	2010 \$'000
Parking fine debtors	26	(57)
Parking debtors – Infringements Court	1,530	1,612
Other debtors	(50)	87
	1,506	1,642

<i>Note 13 Depreciation</i>	2011	2010
Buildings	3,515	3,767
Heritage and works of art	113	94
Plant and equipment	1,079	975
Furniture and fittings	2,090	2,080
Roads, footpaths and bridges	5,712	7,126
Land improvements	2,350	2,300
Drainage	636	644
	15,495	16,986

<i>Note 14 Other expenses</i>	2011	2010
Activities / programs	1,236	788
Bank charges	409	375
Catering charges	598	462
Election Expenses	-	1
General transport	334	253
Postage	306	252
Waste rebates	89	106
Software costs	190	386
Subscriptions	230	175
Travel	53	66
Rent	192	180
Cab charges	39	40
Licence fees and permits	81	182
Periodicals and journals	58	60
Legal Settlement**	-	5,000
Other	359	631
	4,174	8,957

** Refer Note 22.

<i>Note 15 Finance costs</i>	2011	2010
Interest	132	163
Interest – Joint Venture	96	71
	228	234

	2011 \$'000	2010 \$'000
Note 16 Disposal of property, infrastructure, plant and equipment		
LAND		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	-
(Loss) on disposal of land	-	-
LAND IMPROVEMENTS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(237)	(250)
(Loss) on disposal of land improvements	(237)	(250)
BUILDINGS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,227)	(761)
(Loss) on disposal of buildings	(1,227)	(761)
ROADS, FOOTPATHS AND BRIDGES		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,207)	(2,899)
(Loss) on disposal of roads, footpaths and bridges	(1,207)	(2,899)
DRAINAGE		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,651)	(132)
(Loss) on disposal of drains	(1,651)	(132)
PLANT AND EQUIPMENT		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	(45)
(Loss) on disposal of plant and equipment	-	(45)
FURNITURE AND FITTINGS		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(13)	(21)
Profit/(Loss) on disposal of furniture and fittings	(13)	(21)
HERITAGE ASSETS AND WORKS OF ART		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	(3)
Profit/(Loss) on disposal of furniture and fittings	-	(3)
SUMMARY		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(4,335)	(4,111)
(LOSS) ON DISPOSAL OF ASSETS	(4,335)	(4,111)

	2011 \$'000	2010 \$'000
Note 17 Cash and cash equivalents		
Cash on hand	38	45
Cash at bank	8,331	7,004
Cash equivalents - Bank Bills with maturity less than 3 months	19,000	23,000
	27,369	30,049
Council has a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Long service leave obligations as prescribed by the Local Government Act (Note 24)	5,884	5,700
- Statutory reserve balances (Note 26)	8,635	7,619
- Trust funds (Note 23)	2,825	2,352
Restricted Funds	17,344	15,671
TOTAL UNRESTRICTED CASH AND CASH EQUIVALENTS	10,025	14,378

*Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in Note 24 due to the different basis of calculation prescribed by the regulation. Council currently has invested more funds than required to meet its long service leave obligations.

	2011 \$'000	2010 \$'000
Note 18 Financial assets		
CURRENT		
Bank bills - maturity greater than 3 months	22,044	14,450
	22,044	14,450
NON-CURRENT		
Bank bills - maturity greater than 12 months	3,648	5,569
Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	200	200
Shares in RFK Pty Ltd	0	0
	3,853	5,774
	25,897	20,224

	2011 \$'000	2010 \$'000
Note 19 Receivables		
Rates debtors	1,776	1,557
Parking infringement debtors	14,345	13,720
Provision for doubtful debts - parking infringements	(10,179)	(9,794)
Other debtors	2,972	3,221
Provision for doubtful debts - other debtors	(213)	(303)
Net GST receivable	1,347	777
	10,048	9,178

	2011 \$'000	2010 \$'000
Note 20 Other assets		
PREPAYMENTS		
Insurance	45	824
Computer maintenance	-	31
Annual subscriptions and memberships	61	64
	106	919
ACCRUED INCOME	937	858
	1,043	1,777

<i>Note 21 Property, infrastructure, plant and equipment</i>	2011 \$'000	2010 \$'000
SUMMARY		
at cost	49,617	39,297
at fair value as at 30 June 2008	-	90,815
at fair value as at 30 June 2009	40,884	41,479
at fair value as at 30 June 2010	1,968,297	1,972,923
at fair value as at 30 June 2011	99,014	-
Less accumulated depreciation	(313,001)	(302,081)
	1,844,811	1,842,433
LAND AND BUILDINGS		
Land		
at cost	700	-
at fair value as at 30 June 2010 ¹	384,905	384,905
controlled land at fair value as at 30 June 2010 ¹	1,008,902	1,008,902
TOTAL	1,394,507	1,393,807
Land improvements		
at cost	6,337	3,661
at fair value as at 30 June 2009 ³	40,884	41,479
Less: accumulated depreciation	(17,176)	(15,184)
TOTAL	30,045	29,956
Buildings		
at cost	2,043	-
at fair value as at 30 June 2010 ²	144,715	146,698
controlled buildings at fair value as at 30 June 2010 ²	108,957	108,957
Less: accumulated depreciation	(128,389)	(125,629)
TOTAL	127,326	130,026
at cost	9,864	8,465
Less: accumulated depreciation	(5,442)	(4,965)
TOTAL	4,422	3,500
Furniture and fittings		
at cost	11,282	11,184
Less: accumulated depreciation	(7,350)	(6,325)
TOTAL	3,932	4,859
HERITAGE ASSETS AND WORKS OF ART		
at cost	21	-
at fair value as at 30 June 2010 ⁴	11,328	11,328
Less: accumulated depreciation	(113)	-
TOTAL	11,236	11,328

<i>Note 21 Property, infrastructure, plant and equipment (continued)</i>	2011 \$'000	2010 \$'000
INFRASTRUCTURE		
Roads, lanes, footpaths, kerb and channel, bridges and street furniture		
at cost	6,760	-
at fair value as at 30 June 2010 ⁵	309,490	312,133
Less: accumulated depreciation	(118,961)	(114,685)
TOTAL	197,289	197,448
Drains		
at cost	-	2,107
at fair value as at 30 June 2008 ⁶	-	90,815
at fair value as at 30 June 2011 ⁶	99,014	-
Less: accumulated depreciation	(35,570)	(35,293)
TOTAL	63,444	57,629
WORK IN PROGRESS - AT COST	12,610	13,880
TOTAL PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT	1,844,811	1,842,433

1. Land revaluations as at 30 June 2010 were performed by an independent qualified valuer, Mr Frank Carbone, Certified Practising Valuer. An assessment during 2010/11 of the value of all land assets has indicated that there is no material change required to be made to their carrying value.
2. Building revaluations as at 30 June 2010 were performed by an independent qualified valuer, Mr Frank Carbone, Certified Practising Valuer. An assessment during 2010/11 of the value of all building assets has indicated that there is no material change required to be made to their carrying value.
3. Land improvement revaluations as at 30 June 2009 were performed by Mr D Elson BE (Civil). An assessment during 2010/11 of the value of all land improvement assets has indicated that there is no material change required to be made to their carrying value.
4. Heritage and works of art valuations as at 30 June 2010 were performed by the following independent valuers:
 - Blashki & Sons - mayoral robes, chains and other attire;
 - Australian Art Valuers - contemporary, visual, historical and public art;
 - John Sainsbury - heritage photographs; and
 - Leonard Joel - historical items, artworks, monuments and memorials
5. Roads, lanes, footpaths, kerb and channel, bridges and street furniture were valued as at 30 June 2010 by Mr D Elson BE (Civil). An assessment during 2010/11 of the value of all roads, lanes, footpaths, kerb and channel, bridges and street furniture assets has indicated that there is no material change required to be made to their carrying value.
6. Drains were valued as at 30 June 2011 by Mr J Hicks BE (Civil).

LAND AND BUILDINGS

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

ROADS, FOOTPATHS AND BRIDGES

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

DRAINS

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

HERITAGE ASSETS AND WORKS OF ART

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

Note 21 Property, infrastructure, plant and equipment reconciliation

2011	ROADS, LANES, FOOTPATHS, KERB & CHANNEL AND BRIDGES		DRAINS	TOTAL INFRASTRUCTURE 2011 \$'000
INFRASTRUCTURE				
WDV at beginning of financial year:	197,448	57,629		255,077
Acquisition of assets	6,464	574		7,038
Contributed assets (Note 7)	296	-		296
Depreciation (Note 13)	(5,712)	(636)		(6,348)
Revaluation increment / (decrement) (Note 26)	-	7,529		7,529
Transfer to operating	-	-		-
WDV of disposals (Note 16)	(1,207)	(1,651)		(2,858)
Transfer of assets	-	-		-
WDV at end of financial year	197,289	63,445		260,734
LAND AND BUILDINGS	LAND - FREEHOLD AND CONTROLLED	BUILDINGS ON FREEHOLD AND CONTROLLED LAND	LAND IMPROVE- MENTS	TOTAL LAND AND BUILDINGS 2011 \$'000
WDV at beginning of financial year:	1,393,807	130,026	29,956	1,553,789
Acquisition of assets	700	2,043	2,676	5,419
Contributed assets (Note 7)	-	-	-	-
Depreciation (Note 13)	-	(3,515)	(2,350)	(5,865)
Revaluation increment / (decrement)(Note 26)	-	-	-	-
Transfer to operating	-	-	-	-
WDV of disposals (Note 16)	-	(1,227)	(237)	(1,464)
Transfer of assets	-	-	-	-
WDV at end of financial year	1,394,507	127,327	30,045	1,551,879
PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	FURNITURE, VEHICLES AND IT EQUIPMENT	HERITAGE AND ART WORKS	TOTAL PLANT AND EQUIPMENT 2011 \$'000
WDV at beginning of financial year:	3,500	4,859	11,328	19,687
Acquisition of assets	2,001	857	21	2,879
Contributed assets (Note 7)	-	-	-	-
Council share of Joint Venture assets (Note 38)	-	317	-	317
Depreciation (Note 13)	(1,079)	(2,090)	(113)	(3,282)
Revaluation increment (Note 26)	-	-	-	-
Transfer to operating	-	-	-	-
WDV of disposals (Note 16)	-	(13)	-	(13)
Transfer of assets	-	-	-	-
WDV at end of financial year	4,422	3,930	11,236	19,588
TOTAL			WORK IN PROGRESS	TOTAL NON CURRENT ASSETS 2011 \$'000
WDV at beginning of financial year:			13,880	1,842,433
Acquisition of assets			-	15,336
Movement in WIP			(1,270)	(1,270)
Contributed Assets (Note 7)			-	296
Council share of Joint Venture Assets (Note 38)			-	317
Depreciation (Note 13)			-	(15,495)
Revaluation increment / (decrement) (Note 26)			-	7,529
WDV of disposals (Note 16)			-	(4,335)
Transfer to operating			-	-
WDV at end of financial year			12,610	1,844,811

Note 21 Property, infrastructure, plant and equipment reconciliation

2010	ROADS, LANES, FOOTPATHS, KERB & CHANNEL AND BRIDGES		DRAINS	TOTAL INFRASTRUCTURE 2011 \$'000
INFRASTRUCTURE				
WDV at beginning of financial year:	205,413	56,988		262,401
Acquisition of assets	9,256	1,417		10,673
Contributed assets (Note 7)	-	-		-
Depreciation (Note 13)	(7,126)	(644)		(7,770)
Revaluation increment / (decrement) (Note 26)	(7,196)	-		(7,196)
Transfer to operating	-	-		-
WDV of disposals (Note 16)	(2,899)	(132)		(3,031)
Transfer of assets	-	-		-
WDV at end of financial year	197,448	57,629		255,077
LAND AND BUILDINGS	LAND - FREEHOLD AND CONTROLLED	BUILDINGS ON FREEHOLD AND CONTROLLED LAND	LAND IMPROVEMENTS	TOTAL LAND AND BUILDINGS 2011 \$'000
WDV at beginning of financial year:	1,332,621	154,501	28,916	1,516,038
Acquisition of assets	-	12,488	3,660	16,148
Contributed assets (Note 7)	-	-	-	-
Depreciation (Note 13)	-	(3,767)	(2,300)	(6,067)
Revaluation increment / (decrement) (Note 26)	61,186	(32,435)	-	28,751
Transfer to operating	-	-	(70)	(70)
WDV of disposals (Note 16)	-	(761)	(250)	(1,011)
Transfer of assets	-	-	-	-
WDV at end of financial year	1,393,807	130,026	29,956	1,553,789
PLANT AND EQUIPMENT	PLANT AND EQUIPMENT	FURNITURE, VEHICLES AND IT EQUIPMENT	HERITAGE AND ART WORKS	TOTAL PLANT AND EQUIPMENT 2011 \$'000
WDV at beginning of financial year:	3,505	5,104	9,158	17,767
Acquisition of assets	1,015	1,559	40	2,614
Contributed assets (Note 7)	-	-	-	-
Council share of Joint Venture assets (Note 38)	-	297	-	297
Depreciation (Note 13)	(975)	(2,080)	(94)	(3,149)
Revaluation increment (Note 26)	-	-	2,227	2,227
Transfer to operating	-	-	-	-
WDV of disposals (Note 16)	(45)	(21)	(3)	(69)
Transfer of assets	-	-	-	-
WDV at end of financial year	3,500	4,859	11,328	19,687
TOTAL			WORK IN PROGRESS	TOTAL NON CURRENT ASSETS 2011 \$'000
WDV at beginning of financial year:			30,482	1,826,688
Acquisition of assets			-	29,435
Movement in WIP			(16,602)	(16,602)
Contributed assets (Note 7)			-	-
Council share of Joint Venture assets (Note 38)			-	297
Depreciation (Note 13)			-	(16,986)
Revaluation increment / (decrement) (Note 26)			-	23,782
WDV of disposals (Note 16)			-	(4,111)
Transfer to operating			-	(70)
WDV at end of financial year			13,880	1,842,433

<i>Note 22 Payables</i>	2011 \$'000	2010 \$'000
CURRENT		
Trade creditors	5,997	7,967
Accrued expenses	3,058	2,448
St Kilda Triangle settlement*	1,500	2,000
Other	1,425	1,628
	11,980	14,043
NON-CURRENT		
St Kilda Triangle settlement*	-	1,500
	11,980	15,543

* In 2009/10 Council and BBC Triangle Investment's development agreement for the St Kilda Triangle site was terminated and a deed of release and settlement was entered between the parties on the 23rd March 2010. Council agreed to pay a settlement sum of \$5,000,000 to the developer in accordance with the terms of the deed as follows: \$1,500,000 was paid within 10 days of the date of the deed; \$2,000,000 was paid by 31st July 2010 and \$1,500,000 was paid on the 21st July 2011 (Note 22 Payables).

In addition to the phased cash settlement, a discounted 5-year lease for the use of the Palais Theatre for \$5,000 per annum formed part of the agreement. An independent valuation of the Palais Theatre assessed market rental at \$130,000 per annum for 2009/10. Council applied an impairment loss to the building valuation and a decrement to the building revaluation reserve of \$545,000 to reflect the present value of lease benefit foregone for the term of the lease. This was reflected in the previous financial year's buildings revaluation adjustment.

<i>Note 23 Trust funds and deposits</i>	2011	2010
Refundable contract deposits	210	232
Refundable tender deposits	18	9
Refundable civic facilities deposits	45	41
Refundable asset protection deposits	1,563	1,216
Refundable Statewide Primary Care Partnership funds	13	13
Refundable tenancy bonds	213	172
Other refundable deposits	763	669
	2,825	2,352

Note 24 Provisions

	ANNUAL LEAVE \$ '000	LONG SERVICE LEAVE \$ '000	RETIREMENT GRATUITY \$ '000	JOINT VENTURE EMPLOYEES \$ '000	OTHER \$ '000	TOTAL \$ '000
2011						
Balance at beginning of the financial year	2,869	4,873	215	725	132	8,814
Additional provisions	3,832	1,326	(46)	152	440	5,704
Amounts used	(3,463)	(923)	-	(170)	(431)	(4,987)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	31	(284)	(8)	-	-	(261)
BALANCE AT THE END OF THE FINANCIAL YEAR	3,269	4,992	161	707	141	9,270

	ANNUAL LEAVE \$ '000	LONG SERVICE LEAVE \$ '000	RETIREMENT GRATUITY \$ '000	JOINT VENTURE EMPLOYEES \$ '000	OTHER \$ '000	TOTAL \$ '000
2010						
Balance at beginning of the financial year	2,761	5,045	212	625	15	8,658
Additional provisions	3,450	1,079	11	270	518	5,328
Amounts used	(3,361)	(613)	-	(170)	(401)	(4,545)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	19	(638)	(8)	-	-	(627)
BALANCE AT THE END OF THE FINANCIAL YEAR	2,869	4,873	215	725	132	8,814

	2011 \$'000	2010 \$'000
(A) EMPLOYEE BENEFITS		
Current (i)		
Annual leave	3,269	2,869
Long service leave	3,798	3,588
Retirement gratuity	161	215
Joint venture employees	707	725
Other	141	132
	8,076	7,529
Non-current (ii)		
Long service leave	1,194	1,285
	1,194	1,285
Aggregate carrying amount of employee benefits:		
Current	8,076	7,529
Non-current	1,194	1,285
	9,270	8,814

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	4.60%	4.48%
Weighted average discount rates	4.99%	4.81%

(i) Current		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	5,696	5,098
- Other short-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	2,380	2,431
	8,076	7,529

(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	1,194	1,285

	NO.	NO.
Average employee numbers during the financial year	814	783
Number of full time equivalents (FTE) at year end	655	620

Note 25 Interest-bearing liabilities

	2011 \$'000	2010 \$'000
CURRENT		
Borrowings - secured against rates and charges	559	526
Joint venture finance lease liability	293	312
	852	838
NON-CURRENT		
Borrowings - secured against rates and charges	1,226	1,785
Joint venture finance lease liability	759	748
	1,985	2,533
	2,837	3,371
THE MATURITY PROFILE FOR COUNCIL'S BORROWINGS IS:		
Not later than one year	852	838
Later than one year and not later than five years	1,985	2,533
Later than five years	-	-
	2,837	3,371
FINANCE LEASES		
Included in the above is Council's obligations under finance leases for the lease of equipment through the joint venture "Streetsahead". The sum is recognised as a liability after deduction of future lease finance charges included in the obligation.		
Not later than one year	387	396
Later than one year and not later than five years	898	900
Later than five years	-	-
Minimum lease payments	1,284	1,296
Less: Future finance charges	(232)	(236)
	1,052	1,060
RECOGNISED IN THE BALANCE SHEET AS:		
CURRENT		
Leases	293	312
NON-CURRENT		
Leases	759	748
	1,052	1,060

Note 26 Reserves

(A)	ASSET REVALUATION RESERVES	BALANCE AT BEGINNING OF YEAR \$'000	INCREMENT (DECREMENT) \$'000	BALANCE AT END OF YEAR \$'000
2011				
PROPERTY				
	Land	1,128,483	-	1,128,483
	Land improvements	7,854	-	7,854
	Arts & Heritage	4,643	-	4,643
	Buildings	60,711	-	60,711
		1,201,691	-	1,201,691
INFRASTRUCTURE				
	Roads, footpaths and bridges	65,992	-	65,992
	Drainage	17,836	7,529	25,365
		83,828	7,529	91,357
	TOTAL ASSET REVALUATION RESERVES	1,285,519	7,529	1,293,048
2010				
PROPERTY				
	Land	1,067,297	61,186	1,128,483
	Land improvements	7,854	-	7,854
	Arts & Heritage	2,416	2,227	4,643
	Buildings	93,146	(32,435)	60,711
		1,170,713	30,978	1,201,691
INFRASTRUCTURE				
	Roads, footpaths and bridges	73,188	(7,196)	65,992
	Drainage	17,836	-	17,836
		91,024	(7,196)	83,828
	TOTAL ASSET REVALUATION RESERVES	1,261,737	23,782	1,285,519

Note 26 Reserves (cont.)

(B)	OTHER RESERVES	BALANCE AT BEGINNING OF YEAR \$'000	TRANSFER FROM ACCUMULATED SURPLUS \$'000	TRANSFER TO ACCUMULATED SURPLUS \$'000	BALANCE AT END OF YEAR \$'000
	2011				
	General Reserve	17,883	6,616	(5,779)	18,720
	Resort and recreation reserve	5,410	2,657	(1,592)	6,475
	Contributions for car parking reserve	1,790	-	-	1,790
	Contribution for C13 infrastructure reserve	419	151	(200)	370
	TOTAL OTHER RESERVES	25,502	9,424	(7,571)	27,355
	2010				
	General Reserve	17,966	6,721	(6,804)	17,883
	Resort and recreation reserve	3,492	3,380	(1,462)	5,410
	Contributions for car parking reserve	980	810	-	1,790
	Contribution for C13 infrastructure reserve	296	123	-	419
	TOTAL OTHER RESERVES	22,734	11,034	(8,266)	25,502
	TOTAL RESERVES			2011 \$'000	2010 \$'000
				1,320,403	1,311,021
	ASSET REVALUATION RESERVE				
	The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.				
	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's 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 developer's 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 developer's contributions which are to be expended at a future date on specific infrastructure.				

Note 27 Reconciliation of cash flows provided by operating activities to the profit/ (loss) for the year

	2011 \$'000	2010 \$'000
Surplus/(deficit)	1,146	(4,105)
Depreciation (see Note 13)	15,495	16,986
Loss on disposal of property, plant and equipment (see Note 16)	4,335	4,111
Impairment (gain)/loss related to non-current financial asset	(79)	(1,306)
Non-monetary contributed assets	(296)	-
Finance costs (see Note 15)	226	232
Change in assets and liabilities:		
(Increase)/decrease in receivables	(870)	897
(Increase)/decrease in accrued income	(79)	(451)
(Increase)/decrease in prepayments	813	421
Increase/(decrease) in payables & trust funds	(3,090)	5,165
Increase/(decrease) in provisions	456	156
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,057	22,106

Note 28 Reconciliation of cash and cash equivalents

	2011 \$'000	2010 \$'000
Cash deposits (see Note 17)	8,369	7,049
Cash equivalents - Bank Bills with maturity less than 3 months	19,000	23,000
	27,369	30,049

Note 29 Financing arrangements

	2011 \$'000	2010 \$'000
Bank overdraft	1,500	1,500
Used facilities	-	-
Unused facilities	1,500	1,500
Credit Card facilities	154	154
Used facilities	(20)	(15)
Unused facilities	134	139

Note 30 Restricted Assets

	2011 \$'000	2010 \$'000
Council has Cash Assets (Note 17) and Other Financial Assets (Note 18) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long service leave) and reserve funds (Recreational Lands Reserves).		
Trust Funds (Note 23)	2,825	2,352
Long service leave*	5,884	5,700
Statutory reserve balances (Note 26b)	8,635	7,619
	17,344	15,671

* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in Note 24 due to a different basis of calculation prescribed by the regulation.

Additionally, included in Assets Note 21 "Property, infrastructure, plant and equipment" are housing assets which have restrictions on them. These assets which total \$7.9 million (2009/10: \$7.6 million) are used for community housing and were purchased with assistance from the State Government. This funding imposes restrictions preventing Council from using these assets for any other purpose. If the funding conditions in the respective funding agreements for each property are defaulted upon, Council is liable to repay to the State Government an amount determined in those agreements. Based upon the \$7.9 million written down value included in the accounts, the amount that would be required to be repaid to the State Government in a default situation would be \$6.4 million (2009/10: \$6.1 million).

Note 31 Superannuation

Council makes employer superannuation contributions in respect of its employees to the Vision Super - Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in the profit and loss when they are due. The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

ACCUMULATION PLAN

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

DEFINED BENEFIT PLAN

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

Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, Council makes the following contributions:

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

The Fund surplus or deficit (i.e., the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e., calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a council's financial statements. AAS 25 requires the present value of the benefit liability to be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered.

Following an actuarial review finalised in late 2010, the amount of the 31 December 2008 funding shortfall of \$71 million was requested as additional contributions with payment being required from Employers from 1 July 2011. The City of Port Phillip's share of the shortfall identified was \$2.04 million and this has been settled in full in March 2011. This amount was impacted by future financial market movements. A further actuarial review will be undertaken as at 31 December 2011. Based on the result of this review, a detailed funding plan will be developed by Vision Super and implemented to achieve the target of fully funding the Fund by 31 December 2013. Any additional contributions required of Council will be notified in late 2012 with payment no earlier than 1 July 2013.

Note 31 Superannuation (continued)

ACCOUNTING STANDARD DISCLOSURE

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31-DEC-08
Net Market Value of Assets	3,630,432
Accrued Benefits (per Accounting Standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested benefits	3,561,588

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

Net Investment Return	8.50%p.a.
Salary Inflation	4.25%p.a.
Price Inflation	2.75%p.a.

	2011 \$'000	2010 \$'000
City of Port Phillip's employer contributions to Local Authorities Superannuation Fund (Vision Super) - Defined Benefits Plan	481	488
City of Port Phillip's employer contributions to Local Authorities Superannuation Fund (Vision Super) - Accumulation	3,472	3,144
City of Port Phillip's employer contributions payable to Local Authorities Superannuation Fund (Vision Super at reporting date)	-	189
City of Port Phillip's total contributions to Local Authorities Superannuation Fund (Vision Super at reporting date)	3,953	3,821

Refer to Note 34 for Council's ongoing exposure in relation to the Fund's Defined Benefit Plan.

Note 32 Commitments

The Council has entered into the following commitments:

2011	NOT LATER THAN 1 YEAR \$'000	LATER THAN 1 YEAR AND NOT LATER THAN 2 YEARS \$'000	LATER THAN 2 YEARS AND NOT LATER THAN 5 YEARS \$'000	LATER THAN 5 YEARS \$'000	TOTAL \$'000
OPERATING					
Advertising and marketing	53	-	-	-	53
Architecture	99	50	-	-	149
Assurance services/Internal audit	36	-	-	-	36
Building maintenance	396	-	-	-	396
Infrastructure construction	18,097	5,932	5,932	-	29,961
Cleaning	1,734	1,337	1,482	-	4,553
Computers and technology	616	434	362	-	1,412
Debt collection services	-	-	-	-	-
Electricity supply	-	-	-	-	-
Festivals	26	-	-	-	26
Fleet services	496	-	-	-	496
Food production	518	-	-	-	518
Insurance services	496	-	-	-	496
Parking services	2,078	861	208	-	3,147
Pest control	2	-	-	-	2
Printing and publishing	-	-	-	-	-
Recruitment services	-	-	-	-	-
Recycling collection	1,618	1,618	-	-	3,236
Rubbish collection	2,391	2,111	3,783	-	8,285
Security services	68	-	-	-	68
Street furniture	325	325	475	-	1,125
Street tree & parks maintenance	12,289	16,262	48,786	-	77,337
Valuations	571	190	-	-	761
Vehicle management	63	-	-	-	63
	41,972	29,120	61,028	-	132,120
CAPITAL					
Construction	11,642	1,065	-	-	12,707
TOTAL	53,614	30,185	61,028	-	144,827

Note 32 Commitments (continued)

2010	NOT LATER THAN 1 YEAR \$'000	LATER THAN 1 YEAR AND NOT LATER THAN 2 YEARS \$'000	LATER THAN 2 YEARS AND NOT LATER THAN 5 YEARS \$'000	LATER THAN 5 YEARS \$'000	TOTAL \$'000
OPERATING					
Advertising and marketing	310	-	-	-	310
Assurance services/Internal audit	70	35	-	-	105
Building maintenance	251	-	-	-	251
Civil infrastructure construction	10,375	10,375	17,291	-	38,041
Cleaning	1,450	1,450	1,000	-	3,900
Computer services	675	342	-	-	1,017
Debt collection services	285	285	285	-	855
Electricity supply	799	799	-	-	1,598
Fleet services	526	526	-	-	1,052
Food production (Aged and Community care)	518	518	-	-	1,036
Parking services	2,231	-	-	-	2,231
Printing and publishing	124	124	98	-	346
Recruitment services	999	999	-	-	1,998
Recycling collection	1,618	1,618	1,618	-	4,854
Rubbish collection	2,289	2,289	-	-	4,578
Security services	-	-	-	-	-
Street tree & parks maintenance	6,230	-	-	-	6,230
Valuations	645	-	-	-	645
Vehicle management	35	35	35	-	105
	29,430	19,395	20,327	-	69,152
CAPITAL					
Construction	2,030	90	-	-	2,120
TOTAL	31,460	19,485	20,327	-	71,272

Note 33 Operating lease commitments

	2011 \$'000	2010 \$'000
A) OPERATING LEASE COMMITMENTS		
At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities. These obligations are not recognised as liabilities.		
Not later than one year	1,318	1,478
Later than one year and not later than five years	1,210	1,378
Later than five years	-	-
	2,528	2,856
At the reporting date, Council was a party as lessor under non-cancellable operating leases for the lease of land and buildings. These future commitments of income inflows are not recognised as assets.		
B) OPERATING LEASE AND LICENCE RECEIVABLES		
The 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.		
Not later than one year	4,455	4,090
Later than one year and not later than five years	7,389	7,670
Later than five years	9,545	11,880
	21,389	23,640

Note 34 Contingent liabilities and contingent assets

	2011 \$'000	2010 \$'000
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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 to ensure that the liabilities of the fund are covered by the assets of the fund. Due to fluctuations in the value of assets underlying the fund and movements in the liabilities of the fund Council may be required to make an additional contribution to the fund. At this point in time the amount, and the likelihood of payment, is not certain.

Public & Products Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$400 million of public & products liability insurance and had an excess of \$10,000 for individual claims on this policy in 2010/11. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Civic Mutual Plus. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Professional Indemnity

As a local authority with statutory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$300 million of professional indemnity insurance and had an excess of \$20,000 on this policy in 2010/11. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Civic Mutual Plus. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Legal matters

The Council is presently involved in a number of confidential legal matters which are being conducted through Council's solicitors. These matters are yet to be finalised and the financial outcome cannot be determined.

CONTINGENT ASSETS

Open space contributions

Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.

	1,200	1,200
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Note 35 Financial Instruments

(A) ACCOUNTING POLICY, TERMS AND CONDITIONS

RECOGNISED FINANCIAL INSTRUMENTS	NOTE	ACCOUNTING POLICY	TERMS AND CONDITIONS
Financial Assets			
Cash and cash equivalent assets	17	Cash on hand and at bank and money market call account are valued at face value. Bank bills with a maturity of less than three months are recognised as cash equivalents and are valued at cost.	On-call deposits returned floating interest rates of between 4.40% and 4.65% in 2010/11 (2009/10: 2.90% and 4.40%). The interest rate at balance date was 4.65% (2009/10: 4.40%).
Financial assets	18	Bank bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	Bank Bills returned fixed interest rates of between 5.27% and 6.80% in 2010/11 (2009/10: 3.50% and 6.80%).
Other debtors	19	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and do not attract interest. Credit terms are based between 0 and 30 days depending on nature of service.
Financial Liabilities			
Payables	22	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.
Interest-bearing loans and borrowings	25	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings was fixed at 6.15% in 2010/11 (6.15% in 2009/10). As at balance date, the Council did not directly hold any finance leases other than through their interest in the Joint Venture "Streetsahead". Lease terms are generally between 2 and 6 years in duration. Penalties may apply should cancellation occur. Interest charges vary according to when the contract was implemented. At balance date 2010/11 interest rates ranged from 5.77% to 13.64% (2009/10: 5.77% to 13.64%).
Trust Funds and deposits	23	Funds received on behalf of third parties and to which CoPP has no present entitlement are carried at the gross amount and do not attract interest.	Trust funds are unsecured, not subject to interest charges and vary in the timing of settlement in accordance with their specific terms.

*Note 35 Financial instruments (continued)***(B) INTEREST RATE RISK**

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

2011	FIXED INTEREST MATURING IN:					TOTAL \$'000
	FLOATING INTEREST RATE \$'000	1 YEAR OR LESS \$'000	OVER 1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	NON-INTEREST BEARING \$'000	
Financial assets						
Cash and cash equivalents	8,331	19,000	-	-	38	27,369
Other financial assets	-	22,044	3,648	-	-	25,692
Receivables (excluding Rates, Parking and GST receivables)	2,759	-	-	-	-	2,759
TOTAL FINANCIAL ASSETS	11,090	41,044	3,648	-	38	55,820
Weighted average interest rate	4.65%	5.96%	5.62%	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	11,980	11,980
Trust funds	-	-	-	-	2,825	2,825
Interest-bearing loans and borrowings including finance leases	-	852	1,985	-	-	2,837
TOTAL FINANCIAL LIABILITIES	-	852	1,985	-	14,805	17,642
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
NET FINANCIAL ASSETS (LIABILITIES)	11,090	40,192	1,663	-	(14,767)	38,178

2010	FIXED INTEREST MATURING IN:					TOTAL \$'000
	FLOATING INTEREST RATE \$'000	1 YEAR OR LESS \$'000	OVER 1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	NON-INTEREST BEARING \$'000	
FINANCIAL ASSETS						
Cash and cash equivalents	7,004	23,000	-	-	45	30,049
Other financial assets	-	14,450	5,569	-	-	20,019
Receivables (excluding Rates, Parking and GST receivables)	2,918	-	-	-	-	2,918
TOTAL FINANCIAL ASSETS	9,922	37,450	5,569	-	45	52,986
Weighted average interest rate	4.40%	6.10%	5.32%	n/a	n/a	
FINANCIAL LIABILITIES						
Payables	-	-	-	-	15,543	15,543
Trust funds	-	-	-	-	2,352	2,352
Interest-bearing loans and borrowings including finance leases	-	838	2,533	-	-	3,371
TOTAL FINANCIAL LIABILITIES	-	838	2,533	-	17,895	21,266
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
NET FINANCIAL ASSETS (LIABILITIES)	9,922	36,612	3,036	-	(17,850)	31,720

*Note 35 Financial instruments (continued)***(C) NET FAIR VALUES**

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

FINANCIAL INSTRUMENTS	TOTAL CARRYING AMOUNT AS PER BALANCE SHEET		AGGREGATE NET FAIR VALUE	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
FINANCIAL ASSETS				
Cash assets	27,369	30,049	27,369	30,049
Other financial assets	25,692	20,019	25,692	20,019
Receivables	2,759	2,918	2,759	2,918
TOTAL FINANCIAL ASSETS	55,820	52,986	55,820	52,986
FINANCIAL LIABILITIES				
Payables	11,980	15,543	11,980	15,543
Trust funds	2,825	2,352	2,825	2,352
Interest-bearing loans and borrowings including finance leases	2,837	3,371	2,837	3,371
TOTAL FINANCIAL LIABILITIES	17,642	21,266	17,642	21,266

(D) CREDIT RISK

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

*Note 35 Financial instruments (continued)***(E) RISKS AND MITIGATION**

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

Market risk

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

Interest rate risk

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

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989.

We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards;
- capital protection;
- appropriate liquidity;
- diversification by credit rating, financial institution and investment product;
- monitoring of return on investment;
- benchmarking of returns and comparison with budget.

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

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We 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 34.

Note 35 Financial instruments (continued)

	2011 \$'000	2010 \$'000
MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS – OTHER DEBTORS		
Balance at the beginning of the year	303	211
Provision movement during the year	(122)	85
Amounts already provided for and written off as uncollectable	32	7
BALANCE AT END OF YEAR	213	303

AGEING OF TRADE AND OTHER RECEIVABLES (OTHER DEBTORS)

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 Trade & Other Receivables was:

Current (not yet due)	600	1,224
Past due by up to 30 days	738	590
Past due by up to 31 - 60 days	28	19
Past due by up to 61 - 90 days	16	3
Past due by up to 91 plus days	67	54
	1,449	1,890

AGEING OF INDIVIDUALLY IMPAIRED TRADE AND OTHER RECEIVABLES (OTHER DEBTORS)

At balance date, other debtors representing financial assets with a nominal value of \$1,523,768 (2010: \$1,367,159) were impaired. The amount of the provision raised against these debtors was \$212,897 (2010: \$303,298). The individually impaired debtors relate to general and sundry debtor and 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 TRADE AND OTHER RECEIVABLES THAT HAVE BEEN INDIVIDUALLY DETERMINED AS IMPAIRED AT REPORTING DATE WAS:

Current (not yet overdue)	589	696
Past due by up to 30 days	168	155
Past due by up to 31 - 60 days	107	60
Past due by up to 61 - 90 days	154	161
Past due by up to 91 plus days	505	295
	1,523	1,367

Note 35 Financial instruments (continued)

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a portfolio structure that requires surplus funds to be invested within various bands of liquid instruments and with varying maturity dates to meet future cashflow requirements;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments, including both principal and interest amounts.

2011	0 - 12 MONTHS \$'000	1 - 2 YEARS \$'000	2 - 5 YEARS \$'000	> 5 YEARS \$'000	CONTRACTED CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Trade and other payables	11,980	-	-	-	11,980	11,980
Trust funds and deposits	2,825	-	-	-	2,825	2,825
Interest-bearing liabilities including finance leases	1,084	1,985	-	-	3,069	2,837
	15,889	1,985	-	-	17,874	17,642

2010	0 - 12 MONTHS \$'000	1 - 2 YEARS \$'000	2 - 5 YEARS \$'000	> 5 YEARS \$'000	CONTRACTED CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Trade and other payables	15,543	-	-	-	15,543	15,543
Trust funds and deposits	2,352	-	-	-	2,352	2,352
Interest-bearing liabilities including finance leases	1,074	633	1,900	-	3,607	3,371
	18,969	633	1,900	-	21,502	21,266

Note 35 Financial instruments (continued)

(F) SENSITIVITY DISCLOSURE ANALYSIS

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are "reasonably possible" over the next 12 months:

- A parallel shift of -0.5% and +1% in market interest rates (AUD) from weighted average year-end rates of 5.80% (2009/10: 5.82%

At 30 June 2010, a parallel shift of -0.5% and +1% in market interest rates (AUD) from weighted average year-end rates of 5.82% was considered reasonably possible. The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

2011	\$'000	INTEREST RATE RISK			
		-50 PROFIT \$'000	-0.5 BASIS POINTS EQUITY \$'000	+100 PROFIT \$'000	+1 BASIS POINTS EQUITY \$'000
Financial assets:					
Cash and cash equivalents	27,369	(137)	(137)	274	274
Financial assets	25,692	(128)	(128)	257	257
Receivables	2,759	-	-	-	-
Financial liabilities					
Payables	11,980	-	-	-	-
Trust funds	2,825	-	-	-	-
Interest bearing loans	2,837	-	-	-	-

2010	\$'000	INTEREST RATE RISK			
		-50 PROFIT \$'000	-0.5 BASIS POINTS EQUITY \$'000	+100 PROFIT \$'000	+1 BASIS POINTS EQUITY \$'000
Financial assets:					
Cash and cash equivalents	30,049	(150)	(150)	300	300
Financial assets	20,019	(100)	(100)	200	200
Receivables	2,918	-	-	-	-
Financial liabilities					
Payables	15,543	-	-	-	-
Trust funds	2,352	-	-	-	-
Interest bearing loans	3,371	-	-	-	-

(G) FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

LEVEL 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

LEVEL 2: inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices)

LEVEL 3: inputs for the asset or liability that are not based on observable market data

30 JUNE 2011	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available for sale financial assets	-	-	-	-
Financial assets at fair value	-	49,749	-	49,749
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
	-	49,749	-	49,749

30 JUNE 2010	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available for sale financial assets	-	-	-	-
Financial assets at fair value	-	47,155	-	47,155
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
	-	47,155	-	47,155

Note 36 Auditors' remuneration

	2011 \$'000	2010 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	64	63
Internal audit fees and other like services	68	111
	132	174

Note 37 Related party transactions**(i) Responsible Persons**

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

COUNCILLORS

Rachel Powning	(Mayor 6th December 2010 to current)
Frank O'Connor	(Mayor 1st July 2010 to 6th December 2010)
Judith Klepner	(Councillor)
Janet Bolitho	(Councillor)
Serge Thomann	(Councillor)
John Middleton	(Councillor)
Jane Touzeau	(Councillor)

CHIEF EXECUTIVE OFFICER Kay Rundle

(ii) Remuneration of Responsible Persons

Annual remuneration of responsible persons were within the following bands:

	2011 No.	2010 No.
\$20,000 - \$29,999	5	6
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	1
\$320,000 - \$329,999	-	1
\$390,000 - \$399,999 *	1	-
	8	8
	\$'000	\$'000
Total remuneration for the year for Responsible Persons included above amounted to	637	569

* Total remuneration includes payment of accumulated employee leave entitlements, including annual leave and long service leave accrued during the responsible person's employment within local government and any termination and defined benefit superannuation payments following their departure from the Council.

Note 37 Related party transactions (continued)

(iii) No retirement benefits have been paid by the Council to a Responsible Person (2009/10: Nil).

(iv) No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2009/10: Nil).

(v) Other Transactions

No transactions, other than remuneration payments or the reimbursement of approved expenses, were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons, during the reporting year (2009/10: Nil).

(vi) Senior Officer's Remuneration

A Senior Officer, other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$124,000. The number of Senior Officers, other than Responsible Persons, is shown below in their relevant income bands:

INCOME RANGE:	2011 No.	2010 No.
\$120,000 - \$123,999	-	1
\$124,000 - \$129,999	1	3
\$130,000 - \$139,999	4	6
\$140,000 - \$149,999	5	4
\$150,000 - \$159,999	5	5
\$160,000 - \$169,999	3	3
\$170,000 - \$179,999	-	2
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	-	-
\$220,000 - \$229,999	4	-
\$230,000 - \$239,999	-	1
\$570,000 - \$579,999 *	-	1
	24	29
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers	3,920	4,902

* Total remuneration includes payment of accumulated employee leave entitlements, including annual leave and long service leave accrued during the senior officer's employment within local government and any termination and defined benefit superannuation payments following their departure from the Council.

Note 38 Joint venture information - Streetsahead**JOINT VENTURE – STREETSHEAD CLEANING SERVICE**

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

The results from operations and the assets and liabilities of Streetsahead have been consolidated into Council's accounts. The figures below represent Council's 50% share of Streetsahead's accounts as at 30 June 2011. As at the date of producing this report Streetsahead's accounts were awaiting audit clearance.

	2011 \$'000	2010 \$'000
Revenue from continuing operations	4,160	3,900
Expenses from continuing operations	4,253	3,837
Net (loss)/surplus from continuing operations	(93)	63
Income tax expense	-	-
(Loss)/surplus for the year	(93)	63
Council's share of the joint venture assets and liabilities are as follows:		
Current Assets		
Cash assets	1,320	1,338
Receivables	276	358
Other	18	30
Total Current Assets	1,613	1,726
Non-Current Assets		
Property, plant and equipment	1,202	1,192
Total Non-current Assets	1,202	1,192
Total Assets	2,815	2,918
Current Liabilities		
Payables	190	175
Employee benefits	672	681
Interest-bearing liabilities	293	312
Total Current Liabilities	1,155	1,168
Non-Current Liabilities		
Employee benefits	35	44
Interest-bearing liabilities	759	748
Total Non-Current Liabilities	794	792
Total Liabilities	1,950	1,960
Net Assets	865	958
Represented by:		
Accumulated surplus	394	486
Joint Venture Equity	472	472
Total Equity	865	958

Note 39 Income, expenses and assets by function/activity

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

	CORPORATE SERVICES \$'000		ENVIRONMENT AND PLANNING \$'000		CULTURAL & COMMUNITY DEVELOPMENT \$'000		CITY & INFRASTRUCTURE SERVICES \$'000		OTHER *NOT ATTRIBUTED \$'000		TOTAL \$'000	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
INCOME												
Grants	2,272	2,105	193	254	7,024	6,913	2,887	5,096	-	-	12,376	14,368
Other	4,288	2,714	35,138	32,486	9,109	8,842	8,323	7,330	80,699	78,020	137,557	129,392
Total income	6,560	4,819	35,331	32,740	16,133	15,755	11,210	12,426	80,699	78,020	149,933	143,760
EXPENSES												
	53,405	31,049	23,641	20,016	33,748	32,411	39,902	64,389	(1,909)	-	148,787	147,865
NET SURPLUS/ (DEFICIT) FOR YEAR	(46,845)	(26,230)	11,690	12,724	(17,615)	(16,656)	(28,692)	(51,963)	82,608	78,020	1,146	(4,105)
TOTAL ASSETS BY DIVISION	1,914,499	136,223	(17,871)	10,172	430	65,274	12,110	1,691,992	-	-	1,909,168	1,903,661

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

ACTIVITIES**Corporate Services**

Responsible for internal business support in information systems, human resources, regulatory services, and corporate planning as well as the collection of rates and other income, payment of suppliers, payroll, and financial management.

The Division includes the following Departments:

Community & Councillor Services, Finance, People & Organisational Development, Governance & Engagement and Information Systems

Environment & Planning

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

The Division includes the following Departments:

Sustainability, City Strategy, Compliance & Parking and City Development

Cultural & Community Development

Responsible for ensuring effective access and delivery of community services, culture and recreation.

The Division includes the following Departments:

Family, Youth & Children, Culture & Leisure, Diversity & Ageing and Community Development & Engagement

City & Infrastructure Services

Responsible for ensuring effective delivery of environmental and engineering services as well as property management.

The Division includes the following Departments:

Infrastructure Services, Engineering Services, Parks & Open Space and Property Services

Note 40 Financial ratios

	2011 \$'000	2010 \$'000	2009 \$'000
(A) DEBT SERVICING RATIO (to identify the capacity of Council to service its outstanding debt)			
Debt servicing costs	228 = 0.15%	234 = 0.16%	245 = 0.17%
Total revenue	149,933	143,760	141,642

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

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

(B) DEBT COMMITMENT RATIO (to identify Council's debt redemption strategy)			
Debt servicing & redemption costs	1,021 = 1.24%	949 = 1.22%	895 = 1.19%
Rate revenue	82,354	78,019	74,943

The strategy involves the payment of loan principal and interest, finance lease principal and interest.

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

(C) REVENUE RATIO (to identify Council's dependence on rate income)			
Rate revenue	82,354 = 54.93%	78,019 = 54.27%	74,943 = 53.65%
Total revenue	149,933	143,760	139,681

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

(D) DEBT EXPOSURE RATIO (to identify Council's exposure to debt)			
Total indebtedness	9,568 = 1:54.77	15,057 = 1:34.97	13,372 = 1:37.31
Total realisable assets	524,010	526,586	519,779

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

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

Any liability represented by a restricted asset (Note 30) is excluded from total indebtedness.

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

(E) WORKING CAPITAL RATIO (to assess Council's ability to meet current commitments)			
Current assets	60,504 = 2.55:1	55,454 = 2.24:1	46,145 = 2.23:1
Current liabilities	23,733	24,762	20,730

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

(F) ADJUSTED WORKING CAPITAL RATIO (to assess Council's ability to meet current commitments)			
Current assets	60,504 = 2.69:1	55,454 = 2.37:1	46,145 = 2.36:1
Current liabilities	22,532	23,438	19,565

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

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

Note 41 Income Statement Converted to Cash

The principal budget document used by Council to monitor its financial performance is the Cash Income Statement or Rate Determination Statement. This note has been included to provide the reader with a snapshot of Council's performance against the budget. The surplus of \$18.083 million is primarily attributable to a cumulative capital Works carry over of \$17.193 million which will be funded in the 2010/11 budget (2009/10 - \$12.097 million).

	2011 ACTUAL \$'000	2011 BUDGET \$'000	2010 ACTUAL \$'000	2010 BUDGET \$'000
REVENUE				
Rates	82,354	82,401	78,020	78,293
Operating grants	10,150	9,128	11,778	8,763
Developer contributions	2,420	1,200	3,758	1,200
Net parking revenue	24,491	23,900	21,726	21,540
Capital grants	2,695	3,430	2,336	5,920
User charges, fees and fines	14,056	14,414	12,355	14,974
Interest received	2,858	1,000	2,107	1,000
Other revenue	10,556	8,662	10,126	8,799
Total revenue from ordinary activities	149,580	144,135	142,206	140,489
EXPENSES				
Employee benefits	57,663	52,723	51,099	50,505
Contract services	35,508	37,041	33,163	35,212
Materials & other costs	30,033	27,143	28,419	25,300
Depreciation	-	-	-	-
Borrowing costs	229	130	234	161
Total expenses from ordinary activities	123,433	117,037	112,915	111,178
Net cash surplus from operations for the year	26,147	27,098	29,291	29,311
Capital expenditure	(21,115)	(28,132)	(21,656)	(31,552)
Loan repayments	(526)	(526)	(495)	(495)
Net transfers (to)/from reserves	(1,852)	1,560	(2,767)	2,093
Brought forward surplus	15,429	15,429	9,057	9,057
Net rate determination surplus	18,083	15,429	13,430	8,414

<i>Note 42 Capital expenditure</i>	2011 \$'000	2010 \$'000
CAPITAL EXPENDITURE AREAS:		
Roads, lanes, footpaths, kerb and channel and bridges	6,226	5,598
Drains	780	186
Buildings	1,957	2,785
Land improvements	2,224	2,436
Plant and equipment	2,723	683
Furniture and fittings	135	1,049
Heritage assets and works of art	21	27
Total capital works	14,066	12,764
REPRESENTED BY:		
Renewal	7,073	6,872
Upgrade	1,311	3,453
Expansion	-	-
New assets	5,682	2,439
Total capital works	14,066	12,764
The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:		
Total capital works	14,066	12,764
Asset revaluation movement (see Note 26(a))	7,529	23,782
Depreciation (see Note 13)	(15,495)	(16,986)
Written down value of assets disposed (see Note 16)	(4,335)	(4,111)
Contributed assets (see Note 7)	296	-
Joint venture assets consolidated (see Note 21)	317	297
Net movement in property, infrastructure, plant & equipment	2,378	15,746

(A) RENEWAL

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

(B) UPGRADE

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

(C) EXPANSION

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

(D) NEW ASSETS

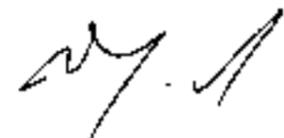
Expenditure on new assets that have not been previously recognised in Council's financial report and are recognised for the first time.

Note 43 Events occurring after balance date

At the date of signing, there were no events subsequent to balance date which would have a material effect on the Council's financial statements.

Certification of the Financial Report

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



DAVID FILMALTER MBL CA
PRINCIPAL ACCOUNTING OFFICER

Date: 30/ 08 /2011 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 2011 and the financial position of the Council as at that date.

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

We were authorised by the Council on 25 August 2011 to certify the financial report in its final form on behalf of the Council.



FRANK O'CONNOR
ACTING MAYOR & COUNCILLOR

Date: 30/ 08 /2011 St Kilda



JUDITH KLEPNER
COUNCILLOR

Date: 30/ 08 /2011 St Kilda



KAY RUNDLE
CHIEF EXECUTIVE OFFICER

Date: 30/ 08 /2011 St Kilda

Standard Income Statement

for the year ending 30 June 2011

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
REVENUE					
Rates	82,401	82,354	(47)	(0.1%)	
Parking revenue	23,900	24,491	591	2.5%	2.1
User fees and charges	14,414	14,056	(358)	(2.5%)	2.2
Open space contributions	1,200	3,184	1,984	165.3%	2.3
Grants-operating	9,128	10,168	1,040	11.4%	2.4
Grants-capital	3,430	2,208	(1,222)	(35.6%)	2.5
Interest received	1,000	2,858	1,858	185.8%	2.6
Other income	8,662	9,058	396	4.6%	2.7
Total Income	144,135	148,377	4,242	2.9%	
EXPENSES					
Employee benefits	52,723	57,262	(4,539)	(8.6%)	2.8
Contract services	37,041	33,930	3,111	8.4%	2.9
Utilities	2,685	2,287	398	14.8%	2.10
Materials and other expenses	19,724	29,460	(9,736)	(49.4%)	2.11
Professional services	4,734	4,234	500	10.6%	2.12
Borrowing costs	130	228	(98)	(75.4%)	2.13
Depreciation	16,652	15,495	1,157	6.9%	2.14
Loss on disposal of property, infrastructure, plant and equipment	-	4,335	(4,335)	100.0%	2.15
Total Expenses	133,689	147,231	(13,542)	(10.1%)	
Surplus/(deficit)	10,446	1,146	(9,300)	(89.0%)	

The accompanying notes form part of this standard statement.

Standard statements

for the year ended
30 June 2011



Standard Balance Sheet

as at 30 June 2011

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CURRENT ASSETS					
Cash and cash equivalents	22,082	49,413	27,331	123.8%	3.1
Receivables	10,075	10,048	(27)	(0.3%)	
Accrued Income	407	937	530	130.2%	3.2
Prepayments	1,340	106	(1,234)	(92.1%)	3.3
Total current assets	33,904	60,504	26,600	78.5%	
NON-CURRENT ASSETS					
Other financial assets	6,468	3,853	(2,615)	-40.4%	3.1
Property, infrastructure, plant and equipment	1,858,651	1,844,811	(13,840)	(0.7%)	3.4
Total non-current assets	1,865,119	1,848,664	(16,455)	(0.9%)	
TOTAL ASSETS	1,899,023	1,909,168	10,145	0.5%	
CURRENT LIABILITIES					
Payables	12,454	11,980	474	3.8%	
Trust funds and deposits	1,776	2,825	(1,049)	(59.1%)	3.5
Provisions	7,221	8,076	(855)	(11.8%)	3.6
Interest-bearing loans and borrowings	559	852	(293)	(52.4%)	3.7
Total current liabilities	22,010	23,733	(1,723)	(7.8%)	
NON-CURRENT LIABILITIES					
Payables	-	-	-	0.0%	
Provisions	1,437	1,194	243	16.9%	3.6
Interest-bearing loans and borrowings	1,227	1,985	(758)	(61.8%)	3.7
Total non-current assets	2,664	3,179	(515)	(19.3%)	
TOTAL LIABILITIES	24,674	26,912	(2,238)	(9.1%)	
NET ASSETS	1,874,349	1,882,256	7,907	0.4%	
EQUITY					
Accumulated surplus	589,618	561,853	(27,765)	(4.7%)	3.8
Asset revaluation reserve	1,261,737	1,293,048	31,311	2.5%	3.9
Other reserves	22,994	27,355	4,361	19.0%	3.10
TOTAL EQUITY	1,874,349	1,882,256	7,907	0.4%	

The accompanying notes form part of this standard statement.

Standard Cash Flow Statement

for the year ending 30 June 2011

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS					
Rates and garbage charges	82,401	82,135	(266)	(0.3%)	
Parking fees and fines	23,900	25,082	1,182	4.9%	4.1
User charges and other fines	14,414	14,668	254	1.8%	
Grants	12,558	12,747	189	1.5%	
Contributions	1,200	2,888	1,688	140.7%	4.2
Interest	1,000	2,779	1,779	177.9%	4.3
Other revenue	8,662	13,752	5,090	58.8%	4.4
	144,135	154,051	9,916	6.9%	
PAYMENTS					
Employee costs	(37,041)	(58,016)	(20,975)	(56.6%)	4.5
Contract services	(52,723)	(38,270)	14,453	27.4%	4.6
Materials and other expenses	(22,409)	(33,057)	(10,648)	(47.5%)	4.7
Professional services	(4,734)	(4,651)	83	1.8%	
St Kilda Triangle settlement	(2,000)	(2,000)	-	0.0%	
	(118,907)	(135,994)	(17,087)	(14.4%)	
Net cash provided by operating activities	25,228	18,057	(7,171)	(7.5%)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from property, plant and equipment	-	-	-	0.0%	
Payments for investments	-	(5,594)	(5,594)	100.0%	4.8
Payments for property, infrastructure, plant and equipment	(39,997)	(14,124)	25,873	64.7%	4.90
Net cash used in investing activities	(39,997)	(19,718)	20,279	50.7%	
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings	(526)	(793)	(267)	(50.8%)	4.10
Finance costs	(130)	(226)	(96)	(73.8%)	4.11
Net cash provided by (used in) financing activities	(656)	(1,019)	(363)	(55.3%)	
Net increase / (decrease) in cash held	(15,425)	(2,680)	12,745	82.6%	
Cash and cash equivalents at beginning of year	37,507	30,049	(7,458)	(19.9%)	
Cash and cash equivalents at end of year	22,082	27,369	5,287	23.9%	

The accompanying notes form part of this standard statement.

Standard Statement of Capital Works

for the year ending 30 June 2011

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000	%	NOTE
CAPITAL WORKS AREAS					
Roads	10,630	6,266	4,364	41.1%	5.1
Parks and open space	4,966	2,224	2,742	55.2%	5.2
Buildings	8,965	1,414	7,551	84.2%	5.3
Signage and street furniture	790	740	50	6.3%	5.1
South Melbourne Market	950	543	407	42.8%	5.4
Planning, implementation & other	247	-	247	100.0%	5.5
	26,548	11,187	15,361	57.9%	
CAPITAL EXPENDITURE AREAS					
Plant & Equipment	1,584	2,879	(1,295)	(81.8%)	5.6
Total Capital	28,132	14,066	14,066	50.0%	
REPRESENTED BY:					
Renewal	11,875	7,073	4,802	40.4%	5.7
New assets-capital works	10,276	2,803	7,473	72.7%	5.8
Asset expansion/upgrade	4,150	1,311	2,839	68.4%	5.9
Planning and implementation	247	-	247	100.0%	5.5
New assets-capital expenditure	1,584	2,879	(1,295)	(81.8%)	5.8
Total capital works	28,132	14,066	14,066	50.0%	

PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT MOVEMENT RECONCILIATION WORKSHEET

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

	BUDGET \$'000	ACTUAL \$'000	VARIANCE \$'000
Capital works	26,548	11,187	(15,361)
Capital expenditure	1,584	2,879	1,295
Total capital works	28,132	14,066	(14,066)
Asset revaluation movement	-	7,529	7,529
Depreciation and amortisation	(16,652)	(15,495)	1,157
Written down value of assets disposed	-	(4,335)	(4,335)
Joint venture assets consolidated	-	317	317
Capital works carried forward	11,865	-	(11,865)
Contributed Assets	-	296	296
Net movement in property, infrastructure, plant and equipment	23,345	2,378	(20,967)

The accompanying notes form part of this standard statement.

Notes to the Standard Statements

for the year ended 30 June 2011

Note 1 Basis of preparation of Standard Statements

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

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

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the 2010/11 Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report.

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

The Standard Statements compare the Council's financial plan, expressed through its annual budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent or variances greater than \$2 million, whichever is the lower. Explanations have not been provided for variations below a materiality threshold of \$200,000 unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by the Council on 29 June 2009. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations as their impacts were not considered predictable.

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

Standard Income Statement

for the year ending 30 June 2011

Note 2 - Variance Explanation Report

REF. ITEM	EXPLANATION
2.1	<p>Parking revenue</p> <p>The favourable variance of \$591,000 is attributable to the following factors:</p> <ul style="list-style-type: none"> · \$268,000 ticket machine income as a result of the introduction of new parking machines across the city and improved services provided by our contractors which have improved the uptime of ticket machines. · \$170K additional income from parking infringement notices (PINs). · \$281,000 savings on PERIN provision for doubtful debts.
2.2	<p>User fees and charges</p> <p>The unfavourable variance of \$358,000 is due to a number of factors, primarily in the difficulty in filling single available days in child care centres and home based care. Also contributing to this variance is in the Long Day care maintenance which is subsidised through infrastructure levy credits granted to community managed services and the delay in building works at the Port Melbourne site caused shorter available periods for the Vacation care program in Spring and Summer.</p>
2.3	<p>Open space contributions</p> <p>Favourable variance of \$1.984 million. Contributing to this result is the better than planned receipt of developer contributions received in relation to developments in the Albert Park area of \$840,000 and Elwood \$573,000. This income has been transferred to a statutory reserve for future developments in the municipality. Also included in this variance are contributed assets of \$296,000.</p>
2.4	<p>Grants-operating</p> <p>Favourable variance of \$1.040 million due to the following:</p> <ul style="list-style-type: none"> · Additional grant income received in the areas of Community Development \$158,000, Culture and Leisure \$241,000, Diversity and Ageing \$218,000, Family Youth and Children \$133,000 and various other minor increases across the organisation.
2.5	<p>Grants - capital</p> <p>Unfavourable variance of \$1.222 million largely due to delays in the progress of the Liardet Street Family & Childrens Centre capital project. This delay has resulted in State Government grant funding of \$1.400 million being held over until works commence. The Northport Pavillion Redevelop Stage 2 delay has resulted in the funding of \$1.200 million being delayed. These unfavourable variances have been offset by the receipt of \$1.500 million towards the Palais Theatre.</p>
2.6	<p>Interest received</p> <p>Favourable variance of \$1.858 million as delays in completing some large capital work projects allow additional funds to be available for investments. In addition, a firmer interest rate environment has contributed to this result.</p>
2.7	<p>Other income</p> <p>Favourable variance of \$396,000 resulting from the sale of revaluation data to the State Revenue Office, the recovery of legal and contractor costs associated with the defence of Council and land tax valuation objections and the write back of FBT.</p>
2.8	<p>Employee benefits</p> <p>The unfavourable variance of \$4.539 million is due to the following factors:</p> <ul style="list-style-type: none"> · The payment in full of the Vision Super Liability of \$2.040 million which was \$1.700 million more than the budgeted amount of \$300,000. · The incorporation of the Streetsahead Joint Venture into the accounts which has given rise to an unbudgeted salary expense of \$2.600 million, representing Council's share of the joint venture.
2.9	<p>Contract Services</p> <p>Favourable variance of \$3.111 million due to the consolidation adjustment of \$2.197 million that reverses Council's share of the contract payment made to the joint venture.</p>
2.10	<p>Utilities</p> <p>Favourable variance of \$398,000 million due to savings in public lighting costs and water consumption charges.</p>
2.11	<p>Materials and Other expenses</p> <p>Unfavourable variance of \$9.736 million due to reallocation of \$7.467 million from capital works and Work in progress. Also contributing to this variance is \$880,000 relating to the consolidation of the Streetsahead Joint Venture.</p>
2.12	<p>Professional Services</p> <p>Unfavourable variance of \$500,000 of which \$356,000 relates to barrister's fees in an ongoing insurance claim against Council. Also included in this variance is \$90,000 of consultancy costs being reallocated from Capital Works in progress.</p>
2.13	<p>Borrowing Costs</p> <p>Unfavourable variance of \$98,000 being the recognition of the Streetsahead Joint Venture finance costs into Council's accounts.</p>
2.14	<p>Depreciation</p> <p>Favourable variance of \$1.157 million being lower than anticipated capitalisation due to the delay in commencement of works on Council's assets.</p>
2.15	<p>Loss on disposal of property, infrastructure, plant and equipment</p> <p>Unfavourable variance of \$4.335 million due to the disposal of infrastructure assets replaced and/or upgraded as a result of the capital works program not accounted for in the 2010/11 budget.</p>

Standard Balance Sheet

as at 30 June 2011

Note 3 - Variance Explanation Report

REF. ITEM	EXPLANATION
3.1	<p>Cash and cash equivalents Other - financial assets</p> <p>The overall favourable variance in cash and non-current financial assets of \$24.716 million is due to the following:</p> <ul style="list-style-type: none"> · delays in expending the capital works program (\$17.193 million), and · a favourable variance of \$4.361 million in Council's cash backed other reserves compared to budget (see Note 3.10 below for details). <p>It also needs to be noted that the budget projects all investments to be cash or cash equivalents with maturity periods of up to 90 days, while in practice a number of investments have longer periods to maturity.</p>
3.2	<p>Accrued Income</p> <p>The increase of \$530,000 is due to higher than expected returns on investments during the 2010/11 financial year increasing accrued interest income at year end.</p>
3.3	<p>Prepayments</p> <p>The decrease of \$1.234 million is due to insurance payments for insurance for the 2011/12 financial year being made in July 2011.</p>
3.4	<p>Property, infrastructure, plant and equipment</p> <p>The reduction of \$13.840 million is due to the following adjustments not accounted for when the budget was adopted in June 2010:</p> <ul style="list-style-type: none"> · \$7.529 million being the drainage revaluation increment at 30 June 2011 · \$61.186 million being the land revaluation increment at 30 June 2010 · (\$32.435) million being the buildings revaluation decrement at 30 June 2010 · (\$7.196) million being the roads, footpaths, bridges and street furniture decrement at 30 June 2010 · \$2.227 million being the arts and heritage revaluation increment at 30 June 2010 · (\$17.193) million of capital works budgeted to be completed but not finalised at 30 June 2011 · (\$1.329) million being depreciation greater than budget over the last two financial years since the budget was adopted. · the impact of the write off of operating expenses budgeted in capital works in 2009/10 (\$8.798 million) and 2010/11 (\$7.467 million).
3.5	<p>Trust funds</p> <p>The increase of \$1.049 million is mainly due to the growth in refundable Asset Protection Deposits which is attributable to the increase in building development in the municipality over the past financial year.</p>
3.6	<p>Provisions-current and non current</p> <p>The overall increase of \$612,000 in current and non-current employee provisions is attributed to increases in pay rates over the past two financial years which was not accounted for when the 2010/11 budget was adopted.</p>
3.7	<p>Interest bearing liabilities - Current and non current</p> <p>The overall increase of \$1.051 million reflects the inclusion of Council's Streetsahead joint venture finance lease liability which was not accounted for when the 2010/11 budget was adopted in June 2010.</p>
3.8	<p>Accumulated surplus</p> <p>The unfavourable variance of \$27.765 million is due to the following factors:</p> <ul style="list-style-type: none"> · \$7.467 million of operating expenditure being funded through the capital works budget · Prior period adjustments of \$12.167 million processed in 2008/09 which resulted in a reduction in the opening accumulated surplus which was not factored into the 2010/11 budget · An additional \$2.361 million was transferred from accumulated surplus to other reserves during the 2010/11 financial year which was not included in the 2010/11 budget. See note 3.10 for further information.
3.9	<p>Asset revaluation reserves</p> <p>The favourable variance of \$31.311 million is largely due to significant land, building and infrastructure revaluations being undertaken in the 2009/10 and 2010/11 financial years which were not accounted for when the 2010/11 budget was adopted in June 2010.</p>
3.10	<p>Other reserves</p> <p>The favourable increase of \$4.361 million is due to:</p> <ul style="list-style-type: none"> · additional developer contributions of \$1.457 million being received and transferred to reserve · tied grants accrual transferring \$3.207 million to reserves (this was unbudgeted but will be transferred from the reserve on 1/7/11) · transfer from reserves of (\$1.740) million to fund the Vision Super defined benefits call.

Standard Cash Flow Statement

for the year ending 30 June 2011

Note 4 - Variance Explanation Report

REF.	ITEM	EXPLANATION
4.1	Parking fees and fines	The favourable variance of \$1.182 million is due to the budgeted cash inflow being offset for doubtful debts provisions. Additional income was also received from ticket machines (\$268,000) and parking infringement notices (\$281,000)
4.2	Contributions	The favourable variance of \$1.688 million is due to increased property development in the municipal area, specifically Albert Park (\$840,000) and Elwood (\$573,000) being completed during the 2010/11 financial year. In addition, Vic Roads contributed a bike lane asset to Council (\$296,000).
4.3	Interest	The favourable variance of \$1.779 million is due to an increase in funds available for investment as a result of delays in expending Council's capital program and higher interest rates of 6% per annum being received, compared to the budgeted rate of 5% as a result of a firmer investment environment this financial year.
4.4	Other revenue	The favourable variance of \$5.090 million is attributable to the budget not accounting for the receipt of GST refunds of \$4.377 million from the ATO when the 2010/11 budget was adopted in June 2010. In addition, favourable variances resulted from the bi-annual sale of revaluation data to the SRO and an unbudgeted consolidation adjustment to the Streetsahead joint venture.
4.5	Employee costs	The unfavourable variance of \$20.975 million is due to: <ul style="list-style-type: none"> • a transposition error in the 2010/11 adopted budget impacting contract services and employee costs by \$15.682 million • \$2.040 million superannuation payment to Vision Super for the defined benefits shortfall • Unbudgeted consolidation adjustment of \$2.600 million for the Streetsahead joint venture.
4.6	Contract services	The favourable variance of \$14.453 million is due to a transposition error in the 2010/11 adopted budget impacting contract services and employee costs by \$15.682 million, and a consolidation adjustment for the Streetsahead joint venture that was not accounted for when the 2010/11 budget was adopted in June 2010.
4.7	Materials and other expenses	The unfavourable variance of \$10.648 million is due to \$7.467 million operating expenditure budgeted in capital works (e.g., landscaping and works on Vic Roads assets), and a consolidation adjustment for the Streetsahead joint venture
4.8	Payments for investments	The unfavourable variance of \$5.594 million is due to the budget not reflecting investment transactions and balances but reflecting the overall increase from Council's budgeted cash position as a whole.
4.9	Payments for property, infrastructure, plant and equipment	The underexpenditure of \$25.873 million is attributable to: <ul style="list-style-type: none"> • budgeted capital works projects to the value of \$17.193 million to be completed in 2011/12 • the write-off of \$7.467 million of works to operating expenditure that was funded in the 2010/11 capital works budget.
4.10	Repayment of borrowings	The unfavourable variance of \$267,000 is due to a consolidation adjustment for the Streetsahead joint venture that was not accounted for in the 2010/11 budget.
4.11	Finance costs	The unfavourable variance of \$96,000 is due to a consolidation adjustment for the Streetsahead joint venture that was not accounted for in the 2010/11 budget.

Standard Statement of Capital Works

for the year ending 30 June 2011

Note 5 - Variance Explanation Report

REF.	ITEM	EXPLANATION
5.1	Roads	Net under expenditure of \$4.364 million is largely due to delays in expending against the phased budget for various projects, including Electronic Speed Limit Signs (\$640,000), Sustainable Public Lighting (\$189,000), Cameron Place Right of Way (\$170,000) and Bay/Liardet Street Intersection (\$150,000).
5.2	Parks and open space	Net under expenditure of \$2.742 million is primarily due to delays in expending against the phased budget for Gasworks Remediation (\$1,000,000), Pocket Parks Program (\$159,000) and Stormwater Harvesting (\$158,000).
5.3	Buildings	Net under expenditure of \$7.551 million is largely due to delays in expending against the phased budget for St Kilda Family and Childrens' Centre (\$3.030 million), Northport Pavilion Redevelopment (\$2.735 million) and the Liardet Street Family & Children's Centre (\$659,000).
5.4	South Melbourne Market	Net under expenditure of \$407,000 is due to delays in expending against the phased budget for the Substation Construction (\$152,000), Veggie Lane Roof (\$107,000) and Roof Over Roof works (\$50,000).
5.5	Planning, implementation & other	Net under expenditure of \$247,000 is due to these costs being transferred to operating expenditure at the end of the financial year due to their non-capital nature.
5.6	Plant and equipment	Over expenditure of \$1.295 million is due to the replacement of parking machines in 2010/11 compensating for the delay in works from the 2009/10 financial year (\$634,000) and expenditure on computer hardware exceeding budget.
5.7	Renewal	Under expenditure of \$4.802 million is largely due to delays in expenditure against the phased budget for the Road Rehabilitation program (\$305,000) and the majority of parks capital projects expenditure transferred to operating expenditure due to its nature (e.g., landscaping, trees etc).
5.8	New Assets - capital works and capital expenditure	Under expenditure of \$6.178 million is largely due to delays in work on the St Kilda Family and Children's Centre (\$3.030 million) and the Northport Pavilion Redevelopment (\$2.735 million). The remaining variance is attributable to minor costs such as landscaping, demolition works, etc, for projects completed during 2010/11 transferred to operating expenses.
5.9	Asset expansion and upgrade	Under expenditure of \$2.839 million is largely due to delays in expenditure against the phased budget for Gasworks Park Remediation (\$1 million), Electronic Speed Limit Signs (\$640,000), Luna Park Interchange works (\$158,000) and Inkerman Pedestrian & Streetscape works (\$106,000).

Certification of the Standard Statements

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

DAVID FILMALTER MBL CA
PRINCIPAL ACCOUNTING OFFICER

Date: 30/08/2011 St Kilda

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

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

We were authorised by the Council on 25 August 2011 to certify the standard statements in their final form on behalf of the Council.

FRANK O'CONNOR
ACTING MAYOR & COUNCILLOR

Date: 30/08/2011 St Kilda

JUDITH KLEPNER
COUNCILLOR

Date: 30/08/2011 St Kilda

KAY RUNDLE
CHIEF EXECUTIVE OFFICER

Date: 30/08/2011 St Kilda

Glossary

ITEM	EXPLANATION
Accrual accounting	System of accounting where items are brought to account and included in the Financial Statements as they are earned or incurred, rather than as they are received or paid.
Accumulated surplus	The value of all net assets accumulated over time.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Assets	Future economic benefits controlled by Council as a result of past transactions or other past events.
Bad and doubtful debts	Bad debts written off and the movement in the bad debt provision for infringement debtors and sundry debtors.
Balance sheet	A quantitative summary of Council's financial condition at 30 June, including assets, liabilities and net equity.
Cash and cash equivalents	Cash and investments readily convertible to cash, including cash on hand, cash held in the bank, deposits at call and highly liquid investments.
Contributions	Contributions received by Council are received for the purpose of providing and improving public open space, provision/improvement of the drainage system and in relation to specific projects.
Comprehensive Income Statement	A financial statement highlighting the accounting surplus or deficit of Council showing that it has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation and amortisation expenditure. It also includes other comprehensive income items including net asset revaluation increment (decrement reversal) and share of other comprehensive income of associates and joint ventures accounted for by the equity method, to arrive at a "comprehensive result". The comprehensive result equates to the movement in net assets or total equity.
Current assets	Assets where Council expects to receive the future economic benefit within the next twelve months unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current liabilities	Liabilities where Council expects to fulfil its obligation within the next twelve months unless the Council does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.
Depreciation	An expense which recognises the value of a fixed asset as it is used up over time.
Employee benefits	Relates to wages and salaries, casual staff payments, annual leave, long service leave, superannuation, fringe benefits tax, WorkCover and redundancy payments.
Equity	The residual interest in the assets of Council after deduction of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.
Expense	An outgoing payment made by Council.
Finance costs	Interest paid on borrowings.
Fixed assets	See property, infrastructure, plant and equipment.
Grants – non-recurrent	Grant income received for a "one-off" specific purpose, generally for a particular project.
Grants – recurrent	Grant income received on a regular basis (i.e., quarterly, annually) and granted to Council by another entity for specific or general purposes.
Interest	Includes interest earned on all cash and investment balances, interest earned on rates and unrealised gains on managed fund investments.
Interest bearing loans and liabilities	Council's borrowings.
Liabilities	Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.
Materials and administrative costs	Expenditure incurred in relation to building maintenance, general maintenance, plant and equipment maintenance, office and administration, insurance, registration and Metropolitan Fire Brigade levy, financial and legal costs and information technology costs.
Contact services	Expenditure incurred in relation to all Council's contract payments.
Changes in equity for the period	The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.

Glossary (cont.)

Net asset revaluation increment (decrement)	This represents the increase (decrease) between the old valuation and new valuation of property and infrastructure asset classes, which were re-valued during the year.
Net assets	The difference between total assets and total liabilities, which represents Council's net worth. Net assets are also equal to total equity.
Net gain (loss) on disposal of property, plant and equipment, infrastructure	The net of income received in relation to the sale of assets and the carrying amount of assets sold, replaced or disposed of during the year.
Non-current assets	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.
Non-current assets classified as held for sale	Non-current assets that Council intends to sell within the next twelve months.
Non-current liabilities	Liabilities where the obligation is not expected to be fulfilled within the next twelve months or where Council has a right to defer settlement of the liability for at least twelve months after reporting date.
Other expenses	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.
Other income	Income received from donations, insurance recoveries, craft markets, festivals, local laws, sale of valuations, data product sales, right-of-way sales, transport and other sources.
PERIN	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.
Prepayments	Payments made by Council in advance of receiving the goods or services.
Property, infrastructure, plant and equipment	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.
Provisions	Includes accrued long-service leave, annual leave, sick leave and rostered days off owing to employees at reporting date.
Rate and garbage charges	Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.
Reserves	Includes the asset revaluation reserve which includes the net revaluation increments and decrements arising from the revaluation of fixed assets in accordance with AASB 1041 "Revaluation of Non-Current Assets". Other reserves include statutory reserves such as resort and recreation and car park and general reserves where money is held in reserve for specific projects.
Income	Income is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.
Right-of-way	Former laneway no longer required for access to surrounding properties.
Share of net profits (losses) of associates and joint ventures accounted for by the equity method	Council's share of the net profit/loss recognised in its joint venture partnerships.
Statutory fees	Includes parking infringements and costs, PERIN court recoveries, town planning fees, land information certificates and trader parking and street furniture permits.
Surplus (deficit)	Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of associates and joint ventures accounted for by the equity method.
Payables	Monies owed by Council to other entities/individuals.
Receivables	Monies owed to Council by ratepayers and other parties less provisions for doubtful debts.
Trust funds and deposits	Monies received by Council for a specific purpose, which are to be refunded upon a specific event occurring (e.g., Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.
User charges and other fees	Income received by Council from a variety of fees and charges such as aged and health services fees, animal and local law fines and registrations, building permits and other charges, child care/children's program fees, debt collection recovery charges, election fines, recreation fees, library fines, tow-away and other charges.

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2011 of the City of Port Phillip which comprises of statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillor's Responsibility for the Financial Report and Standard Statements

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

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

This responsibility includes:

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the City of Port Phillip as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

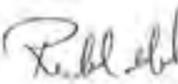
Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

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

This auditor's report relates to the financial report and standard statements of the City of Port Phillip for the year ended 30 June 2011 included both in the City of Port Phillip's annual report and on the website. The Councillors of the City of Port Phillip are responsible for the integrity of the City of Port Phillip's website. I have not been engaged to report on the integrity of the City of Port Phillip's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
5 September 2011


D D R Pearson
Auditor-General



Non Financial Performance Statement

for the year ended 30 June 2011; key strategic activities for 2009/13

ANNUAL PLAN

KEY STRATEGIC ACTIVITIES	INDICATOR	MEASURE	2010/11 TARGET (AS SPECIFIED IN 10/11 BUDGET)	2010/11 ACHIEVEMENT	2010/11 RESULT	2010/11 COMMENTS
1.1 Value and utilise skills and knowledge in the community	Community satisfaction with Council's engagement in decision making on key local issues	The percentage of the community that rates the City of Port Phillip's performance as adequate, good or excellent for engagement in decision making Question is asked: Over the last 12 months, how would you rate the performance of Port Phillip on consulting with the community and leading discussion on key social, economic and environment issues which could impact on the local area, and may require decisions by Council? Sample size is 350	60% adequate, good or excellent	73%	Achieved	The percentage of respondents who felt satisfied with Council's engagement with the community has consistently exceeded the target of 60%.
1.2 Governing	Community perception of Council's reputation	The change in the perception of community members regarding Council's reputation (trustful, truthful, transparent, ethical, responsible, informed decision making) as strongly agree, agree or neutral over the course of the Council Plan.	An improvement over the year by 30 June 2011	1% improvement	Achieved	This indicator asks respondents to rate their perception of Council as a trustful, truthful, transparent, ethical, responsible organization that makes informed decisions. The perception of Council's reputation has remained consistent across the year. The result for 2010/11 was 83%, compared to the 2009/10 result of 82%.
1.3 Commitment to service	Community satisfaction with the overall service performance of Council	The percentage of respondents in the monthly satisfaction survey that rate the Council's overall service performance as "adequate", "good" or "excellent"	70% adequate, good or excellent	77%	Achieved	Satisfaction with Council's service performance has consistently exceeded the target over the last year. Respondents who have lived in Port Phillip for less than five years were more likely to rate Council's overall service performance as adequate or better (91%). Those who have lived in the area for more than 20 years were more likely to feel that the Council's service performance needs to be improved (31%).

KEY STRATEGIC ACTIVITIES	INDICATOR	MEASURE	2010/11 TARGET (AS SPECIFIED IN 10/11 BUDGET)	2010/11 ACHIEVEMENT	2010/11 RESULT	2010/11 COMMENTS
1.4 Managing for the longer term	Council's liquidity - the ability to pay its liabilities within one year	Council's ability to pay their existing liabilities within one year, a measure greater than 1.5 indicates that Council has no immediate issues with repaying liabilities as and when they fall	1.8 to 1	2.25 to 1	Achieved	This favourable result is attributable to Council holding more cash and investments than budgeted at 30 June 2011. This is largely due to \$17.193M of the capital works program being unexpended during the 2010/11 financial year. This balance is being carried forward to 2011/12 for completion.
2.1 Reducing consumption and emissions	Council's water consumption (April 2010 to March 2011)	Reduction in Council's water consumption per annum	A reduction on the 2009/10 figures by 30 June 2011	NA	Not Achieved	Result has been assessed as "Not Achieved" owing to the unavailability of data at 30 June 2011. Council's cumulative water consumption for the year April 2010 to March 2011 was 126.21 megalitres compared to a target of 157ML. The primary reason for this significant drop in water usage can be attributed to an exceptionally wet year. As a result, additional irrigation of parks and open space areas has been significantly lower than previous years. Ongoing efficiency measures across a number of Council's facilities have been undertaken in order to ensure that the target is maintained under "normal" climatic conditions.
2.1 Reducing consumption and emissions	Council's carbon emissions (April 2010 to March 2011)	Reduction in Council's greenhouse gas emissions per annum, representing reduction in energy consumption, exclusive of GreenPower purchases. This indicator is representative of efficiency gains.	A reduction on the 2009/10 figures by 30 June 2011	NA	Not Achieved	Result has been assessed as "Not Achieved" owing to the unavailability of data at 30 June 2011. Council's cumulative greenhouse gas emissions for the year April 2010 to March 2011 of 8,493 tonnes of CO2-e has achieved target of 10,022 tonnes of CO2-e. This is allowing for the fact that the scheduled public lighting bulb exchange program did not occur and significant building works at the South Melbourne Market caused a 25% increase in power consumption for that facility. Council has subsequently increased support for sustainable initiatives to accelerate Council's action on decreasing carbon emissions.

Non Financial Performance Statement

for the year ended 30 June 2011; key strategic activities for 2009/13

(continued)

ANNUAL PLAN (CONTINUED)

KEY STRATEGIC ACTIVITIES	INDICATOR	MEASURE	2010/11 TARGET (AS SPECIFIED IN 10/11 BUDGET)	2010/11 ACHIEVEMENT	2010/11 RESULT	2010/11 COMMENTS
2.2 Changing transport priorities	Community use of sustainable transport options	The percentage of people who report using sustainable transport daily Question asked is "Which of the following modes of transport do you use on a daily basis?" Responses that meet criteria of sustainable transport, i.e., bike, bus, train, tram, walking are added together	An increase over the year by 30 June 2011	66%	Achieved	Of the reported daily trips taken by the survey group across all forms of transport, 66% were on sustainable forms of transport. In Summer, 70% of trips were made using sustainable transport options. However the colder weather of the April to June period saw a reduction which affected the end of year result.
2.3 Adapting and sustaining	Residential waste collection volume per bin	The amount of waste collected by the City of Port Phillip waste service from domestic waste bins	Targeted annual waste per bin of 566.9 kilograms	600 kilograms	Not Achieved	Target has not been achieved for this indicator. There was a spike in the amount of domestic waste during the November – February period this year compared to the same period in 2009/10.
2.4 Working together	The number of participants in City of Port Phillip – run Sustainability Programs	Number of people who have participated in Council-run Sustainable Environment Programs	10% improvement on 2009/10 figures by 30 June 2011	41%	Achieved	The overall target has been exceeded this year with a total of 2,736 participants in the programs compared to 1939 participants in 2009/10.
3.1 Pursuit of social equity	The proportion of the population who believe that Port Phillip is an accepting place for people from diverse cultures and backgrounds	Percentage of population who believe Port Phillip is an accepting place for people from diverse cultures and backgrounds	88% agree or strongly agree	96%	Achieved	Respondents have consistently agreed across the year that the City of Port Phillip is an accepting place for people from different cultures (96%).
3.2 Creative, active and culturally diverse life	The proportion of the population who feel they have opportunities to participate in affordable local community events and activities of their choosing	Proportion of Port Phillip population who feel they have opportunities to participate in affordable local community events and activities of their choosing	82% agree or strongly agree	92%	Achieved	The percentage of respondents who rate their satisfaction with opportunities to participate in affordable community events as adequate or better was consistently above the target this year.
4.1 A sense of place	Community sense of safety and security	Percentage of people who rate their sense of safety and security as adequate, good or excellent	75% adequate, good or excellent	84%	Achieved	The results across the year have consistently met the target with the highest level recorded in the April to June 2011 quarter.

KEY STRATEGIC ACTIVITIES	INDICATOR	MEASURE	2010/11 TARGET (AS SPECIFIED IN 10/11 BUDGET)	2010/11 ACHIEVEMENT	2010/11 RESULT	2010/11 COMMENTS
4.2 Shaping the future of our city	The number of planning permit applicants participating in the Sustainable Design Assessment in the Planning Process (SDAPP) program with Port Phillip	The number of eligible (works exceeding 50m ²) approved Planning Permit applications that submit a Sustainable Design Statement (or equivalent) as part of their planning application	39%	58%	Achieved	The number of planning permit applicants who participated in the sustainable design assessment in the planning process program is measured twice a year (Quarter 2 and Quarter 4). The total number of eligible applications during the year was 315 and the uptake was 182 (57.78%). There was an increased uptake in the second half of the year.
4.3 Caring for our natural environment	Community satisfaction with parks and open space	The level of customer satisfaction, rating adequate, good or excellent with the condition of parks and open spaces and beach cleaning	Parks & Open Spaces - 85% adequate, good or excellent	82%	Not Achieved	This indicator did not achieve its target at year end, but the target was exceeded for the first two quarters of the period. Victoria experienced its wettest summer (quarter three) on record which resulted in significant growth of trees, grass and vegetation. The number of park and tree requests doubled in Quarter Three, resulting in a slower response time. This is likely to have impacted on the community's view of parks and tree maintenance.
	Community satisfaction with beach cleaning		Beach Cleaning - 80% adequate, good or excellent	84%	Achieved	Satisfaction with beach cleaning in has stabilised in quarter four (84%) compared to Quarter 3 (79%) - satisfaction for Quarter 1 was 87% and quarter two satisfaction was 85%. This indicates a seasonal effect - in winter there are less people on the beach and it is easier to keep clean. The Quarter 3 result was also in response to the extreme weather events and flooding at the start of the year, causing increased levels of waste and organic debris to be deposited along the fore-shore.
4.4 Major city projects	The proportion of the capital works program spent annually	The extent to which the capital works program is undertaken according to projections	80% of the annual capital works budget spent by 30 June 2011	59%	Not Achieved	A number of large projects were not delivered in the year as they needed to be re-scoped or had a change in priority. Those projects will be rolled over into the 2011/12 year.

This statement should be read in conjunction with the accompanying notes

Definition and Description of Key Strategic Activity Indicators

NON-FINANCIAL INDICATORS

INDICATOR	MEASURE	SOURCE OF DATA	FREQUENCY OF REPORTING
Community satisfaction with Council's engagement in decision making on key local issues	The percentage of the community that rates the City of Port Phillip's performance as adequate, good or excellent for engagement in decision making. Question asked: over the last 12 months, how would you rate the performance of Port Phillip on consulting with the community?	DPCD Local Government Community Satisfaction Survey	Annual
Community perception of Council's reputation	The change in the perception of community members regarding Council's reputation (trustful, truthful, transparent, ethical responsible, informed decision making) as strongly agree, agree or neutral over the course of the Council Plan.	Community Satisfaction Survey	Quarterly
Community satisfaction with the overall service performance of Council	The percentage of respondents in the monthly satisfaction survey that rate the Council's overall service performance as "adequate", "good" or "excellent".	Community Satisfaction Survey	Quarterly
Council's liquidity - the ability to pay its liabilities within one year	Council's ability to pay its existing liabilities within one year, a measure greater than 1.5 indicates that Council has no immediate issues with repaying liabilities as and when they fall.	Powerbudget - Annual Financial Reports	Annual
Council's water consumption (April 2010 to March 2011)	Reduction in Council's water consumption per annum.	South East Water billing process	Quarterly
Council's carbon emissions (April 2010 to March 2011)	Reduction in Council's greenhouse gas emissions per annum, representing reduction in energy consumption, exclusive of GreenPower purchases. This indicator is representative of efficiency gains.	Billing and meter data for the Council's nine top energy-using buildings, fleet fuel use and street lighting	Quarterly
Community use of sustainable transport options	The percentage of people who report using sustainable transport daily, Question asked is "Which of the following modes of transport do you use on a daily basis?" Responses that meet criteria of sustainable transport, i.e., bike, bus, train, tram, walking	Community Satisfaction Survey	Quarterly
Residential waste collection volume per bin	The amount of waste collected by the City of Port Phillip waste service from domestic waste bins	CoPP Waste Management reports	Quarterly
The number of participants in City of Port Phillip-run Sustainability Programs	Number of people who have participated in Council-run Sustainable Environment Programs	Registration spreadsheets - As per current metric	Quarterly
The proportion of the population who believe that Port Phillip is an accepting place for people from diverse cultures and backgrounds	Percentage of population who believe Port Phillip is an accepting place for people from diverse cultures and backgrounds	Community Satisfaction Survey	Quarterly

NON-FINANCIAL INDICATORS (CONTINUED)

INDICATOR	MEASURE	SOURCE OF DATA	FREQUENCY OF REPORTING
Community sense of safety and security	Percentage of people who rate their sense of safety and security as adequate, good or excellent	Community Satisfaction Survey	Quarterly
The number of planning permit applicants participating in the Sustainable Design Assessment in the Planning Process (SDAPP) program with Port Phillip	The number of eligible (works exceeding 50m ²) approved Planning Permit applications that submit a Sustainable Design Statement (or equivalent) as part of their planning application	The number of referrals to the Sustainable Design Officer resulting in the submission of a Sustainable Design Statement (or equivalent) and number of planning applications determined in any given period	Bi-annual
Community satisfaction with parks and open space	The level of customer satisfaction with the condition of parks and open spaces and beach cleaning, rating adequate, good or excellent.	Community Satisfaction Survey	Quarterly
Community satisfaction with beach cleaning	The level of customer satisfaction, rating adequate, good or excellent with the condition of parks and open spaces and beach cleaning	Community Satisfaction Survey	Quarterly
The proportion of the Capital Works program spent annually	The extent to which the Capital Works program is undertaken according to projections	Powerbudget Reports	Quarterly

KEY STRATEGIC ACTIVITIES

The Key Strategic Activities (KSA) to be undertaken during the 2010/11 financial year are listed above. KSAs are a legislative obligation and are to be included as part of the Annual Budget. Performance measures and targets are required for each KSA and the results are reviewed and approved by the Auditor General. The KSAs and their associated results, along with the Auditor General's approval, are then reported in the relevant Annual Report and titled the Performance Statement.

Council Approval of the Performance Statement

In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2010/11 financial year is presented fairly in accordance with the Local Government Act 1989.

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

The Council Plan sets out these measures in relation to the achievement of the key strategic activities for the 2010/11 financial year.

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

We were authorised by Council on 25 August 2011 to certify the Performance Statement in its final form on behalf of the Council.



FRANK O'CONNOR
ACTING MAYOR & COUNCILLOR
Date: 30/ 08 /2011 St Kilda



JUDITH KLEPNER
COUNCILLOR
Date: 30/ 08 /2011 St Kilda



KAY RUNDLE
CHIEF EXECUTIVE OFFICER
Date: 30/ 08 /2011 St Kilda

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, City of Port Phillip

The Performance Statement

The accompanying performance statement for the year ended 30 June 2011 of the City of Port Phillip which comprises the statement, the related notes and the council approval of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Independence

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

Independent Auditor's Report (continued)

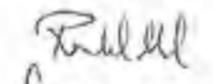
Auditor's Opinion

In my opinion, the performance statement of the City of Port Phillip in respect of the 30 June 2011 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the City of Port Phillip for the year ended 30 June 2011 included both in the City of Port Phillip's annual report and on the website. The Councillors of the City of Port Phillip are responsible for the integrity of the City of Port Phillip's website. I have not been engaged to report on the integrity of the City of Port Phillip's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
5 September 2011


D D R Pearson
Auditor-General



For more information, please call ASSIST on 03 9209 6777

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