

# Annual Report

2006 | 2007



the difference is working together







# Annual Snapshot 2006 | 2007

a snapshot of our year in review



The City of Port Phillip is home to over 88,000 people living in Port Melbourne, South Melbourne, Albert Park, Middle Park, St Kilda, St Kilda Road, East St Kilda, Elwood, Balaclava, Ripponlea, Windsor and Southbank.

Work started on a makeover for the St Kilda foreshore between the pier and Brookes Jetty. When complete in 2008, the promenade will feature a boardwalk, many new trees and more places to relax.



The Library Service took to the beaches over summer with barrows of books for bathers.



The world's best open water swimmers braved the chilly waters at St Kilda as part of the 12th FINA World Championships.



Port Melbourne's Princes Pier will have its first 196 metres fully restored with a new concrete deck and lowered timber landings to be added. Beyond the decking, the piles will be preserved as a heritage centrepiece.

Managing visitors while looking after locals was the goal of a new tourism strategy adopted by the council. Vibrant local events and precincts will add to our community as well as attract visitors.



Legal graffiti was part of a makeover at the headquarters of a Jewish youth group, Hashomer Hatzair – affectionately known as 'Hashy'.



The St Kilda Festival was back in town boosted by sponsorship from FOXTEL and support from the State Government. JailBreak, four high voltage VCE students, won the festival's \$5,000 Air New Music Stage Award and will play on the main stage during the 2008 Festival.

The St Kilda triangle will be anything but square. The council and the State Government unveiled plans for a Palais Theatre refurbishment, hospitality college, gallery and an entertainment precinct next to Luna Park.





The South Melbourne Market celebrated 140 years in the local economy. The deli aisle and food hall are looking great after a refit and there are more cafes planned for Cecil Street. But some things don't change – you still need to queue for a famous, fabulous dim sim!

With a growing population, Port Phillip's open spaces are more precious than ever. A new open space strategy helps protect and extend our magnificent parks, gardens and foreshore.

Stallholders contribute unsold food and produce to SecondBite, a charity that distributes the donations through community groups.



Walk and Talk guided tours were held monthly giving local insight into neighbourhood heritage.



Managing community assets is a big job when you are looking after more than 340 buildings worth over \$230 million.



The council adopted a 2007 / 2008 budget totalling just over \$128 million. Increased revenue from more rateable properties allowed the rate rise to be kept to 2% – lower than the official inflation rate.



Linden's postcard show attracted 2,391 works including Hot Pink Fairy Penguin by Paul Conheady.



*Council commits to zero net CO2 emissions by 2020*

The council built the first separated bike lane in Melbourne. This short but important section is the first stage of a fully separated bike route from St Kilda Sea Baths to Southbank.

The council committed to zero net greenhouse gas emission and a 70% reduction in potable water use by 2020. Community initiatives will also help residents and businesses reduce their impact on the environment.



Protecting the character of neighbourhoods as our city grows is a major challenge. The council helps to manage growth with comprehensive planning policies and controls. These included the South Melbourne Central planning scheme amendment, height controls for Ormond Road and progress on the Carlisle Street Structure Plan.

A smoking ceremony for reconciliation brought people together during NAIDOC week.





The Port Phillip Speaks Community Summit was an opportunity for the community to talk about topics identified in the community survey in 2006. The 750 participants nominated improving public transport, using water wisely and the environment as the top issues.



Melbourne, Yarra, Port Phillip and Stonnington councils built stronger relationships through the Inner Melbourne Action Plan. Joint projects included more consistent signage, St Kilda Road and better transport links including bike paths.

The Middle Park Community Centre was made more accessible with the addition of a lift servicing the first floor meeting space.



Students, like Millicent Burggraaf and Kate Charters, joined community activities to help the environment.



The council will spend over \$1.55 million over the next five years on public toilets. 49 toilet blocks are managed by the council – the first new toilets will be on Fitzroy Street.



New flood lights in Alma Park and plans for women's changing rooms at the Port Melbourne Soccer Club are part of a push to get more women and girls involved in sport and recreation.



Kenny was flushed with success after getting a great start at the St Kilda Film Festival.

The council allocated \$2 million to upgrade the South Melbourne Town Hall in addition to the \$1.5 million already spent restoring the heritage façade. Another \$500,000 was set aside to provide a full service community hub on the ground floor.



The Ageing Well in Port Phillip Strategy identified many ways to help older people feel included and supported. It promised a mix of services and activities that are affordable, accessible and able to meet the diversity of needs.







The Port Melbourne Family Hub opened and is now home to the Toy Library, playgroups, Before and After School Care, Occasional Childcare and Maternal and Child Health outreach groups and parent information sessions.

Port Phillip Gives, a one-stop website connecting the community with good causes, was launched. The site makes it easier to volunteer, donate or recycle.

The Clark and Coventry Street children's centres moved back to new and improved sites. City wide in 2006/2007, 18 places were saved and 16 new places created in council facilities, while 140 were created in private childcare. Permits were also issued to save 77 childcare places and create another 102 new spaces in council facilities and for 250 new private places.



The Raglan Street Park was opened boasting a great timber deck area with BBQ, picnic table and shade structure.



Frail and elderly residents can now have their bins put out and taken in for only \$2.50 a week.



A new street cleaning trial was launched in Elwood over three months to cover the autumn leaf fall period. The trial involved voluntary changes to street parking on cleaning days.



Smiles Per Hour signs encouraged all people to contribute something positive to their community.



Safer tram platforms, like this one opposite Albert Park Primary, improve access to public transport. Work started on platform stops in Fitzroy Street and at the Victoria Avenue terminus.

St Kilda Film Festival showcased 100 Australian short films selected from over 700 entries – an all time record! In 2008, the festival will celebrate its 25th birthday!



The council started trials of a new DNA dog attack kit which will identify the exact animal responsible for a dog attack.

Where the Wild Things are: Maurice Sendak in his own words and Pictures was a highlight of Childrens' Book Week 2006 organised with the Jewish Museum.



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## Mayor's foreword

It gives me great pleasure to present to you the 2006/2007 Port Phillip Annual Report. It has been a full and eventful year for our city, with many planned projects accomplished or coming to completion, and priority issues for our community identified and addressed.

A highlight of the year was Port Phillip Speaks: the Community Summit held at Melbourne Sports and Aquatic Centre on 28 April which identified the priorities for the Port Phillip community. This has given very clear and helpful direction to the council.

This year was the year in which climate change moved to the top of the council's agenda. The council is actively planning for the future to anticipate the demands climate change will place on the city and its infrastructure. The council has also adopted its climate change commitment to reach zero net greenhouse gas emissions and a 70% reduction in potable water use by 2020. This commitment is supported by detailed actions, and I invite the community to join in the priority task of reducing our greenhouse gas emissions and water use.

We have taken steps to support all the city's most significant trees through the ongoing drought using recycled water and wheelie bins with drip irrigators. Our staff are assisting sporting clubs to manage the impacts of drought on their activities while maintaining involvement and participation.

The delivery of more childcare places moved from planning into action this year with the refurbishment and expansion of the Clark and Coventry St childcare centres, and the Poets Grove Children's Centre in Elwood nearing completion.

The council has a strong and clear direction. We intend to strengthen our environmental performance, enable more people to be involved in the life of the city and all it has to offer and to do what we can to keep the door of Port Phillip open to those on lower incomes.

In review, it has been a challenging but extremely rewarding year in many ways for the council. I sincerely thank the Port Phillip community, my fellow elected members, our Executive Management Team and all council employees for their commitment and hard work during this period and I look forward to working with all of you in the coming year.



**Janet Bolitho**

Mayor



## CEO's foreword



2006/2007 has been a year for the council to focus on long term planning, both for the organisation and for the future of our city. From an operational viewpoint the year in review was very successful with a number of achievements for the city and a wide range of activities and actions commenced or completed.

Of particular significance was the council's decision to host the Port Phillip Speaks Community Summit. The summit was attended by 750 residents, business owners, visitors and staff.

Using interactive technology, participants helped develop a community-owned vision for the next ten years and produce the draft 2007-2017 Community Plan. The plan is currently being finalised and will be available to the public in September 2007.

In terms of infrastructure, considerable progress has been made on key projects within the St Kilda's Edge and Port Melbourne Waterfront foreshore areas including the selection of a preferred developer for the Triangle site.

The council has also progressed a range of improvements to the South Melbourne Market and worked with the City of Melbourne to develop a united approach to managing the industrial precincts in Fishermens Bend, Port Melbourne.

In the 2006/2007 financial year there were some improvements in how the community rated the council on value for money for rates. However, satisfaction declined in council's engagement in decision making on key local issues, enforcement of local laws and economic development. These are areas that will receive greater focus and attention in the coming financial year.

I would like to thank the councillors for their role as the elected representatives of the community and to gratefully acknowledge the support and commitment to the city of the Executive Management Team, our staff and contractors.



**David Spokes**  
Chief Executive Officer

## Our vision and mission

Our vision:

**“To be the best place in the best city for all”**

Our mission:

**“To make the community a better place”**

## Our City

### *A showcase of diversity*

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

The municipality is located on the northern shore of the Port Phillip Bay, south of the Melbourne Central Business District, Victoria.

Port Phillip has a number of varied and substantial retail, entertainment and leisure precincts. These include Bay Street (Port Melbourne), Clarendon Street (South Melbourne), Fitzroy and Acland Streets (St Kilda), Carlisle Street (Balaclava), and Ormond Road (Elwood).

A number of significant employment areas sit within Port Phillip, including the St Kilda Road office district and industrial, warehousing and manufacturing districts in South Melbourne and Port Melbourne.

Port Phillip is well served by public transport with a substantial tram network, the St Kilda and Port Melbourne light rail lines and train stations at Balaclava and Ripponlea.

### *A brief history*

The earliest inhabitants of the area now covered by the City of Port Phillip were the Yalukit-willam, one of the five clans of the Bunurong, known as the coastal tribe, and who were members of the Kulin nation. They inhabited the swampy areas below Emerald Hill and the sandy-ridged ti-tree covered coastline, which extended from St Kilda to Fishermans Bend (Port Melbourne).

These days, the Port Phillip community comprises many different cultures, religions, nationalities and socio-economic backgrounds, with one third of the population hailing primarily from the United Kingdom, Russia, China, Greece and Poland.

The City of Port Phillip covers an area of 20.62 km<sup>2</sup> and was established on 22 June 1994, following a state government review of Victorian local government boundaries.

Three former cities, St Kilda, South Melbourne and Port Melbourne, were amalgamated to form the City of Port Phillip. Between establishment in 1994 and the first council election in March 1996, three state government-appointed commissioners conducted the functions of the mayor and councillors.

### *Local government*

Australia has three levels of government: federal, state and local. Local government, or council, is the closest tier of government to the community and plays a key role in people’s everyday lives. Local government provides services and infrastructure to allow residents and businesses to prosper.

Local government 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. The neighbouring local councils to the City of Port Phillip are City of Melbourne, Bayside, Glen Eira and Stonnington.





## Wards

The Port Phillip municipality is divided into wards for voting and election of councillors. Councillors are elected every four years to represent the residents and businesses in that ward. In the City of Port Phillip, there are seven councillors, one for each of the seven wards. An electoral representation review will be completed by the Victorian Electoral Commission in late 2007, to take effect at the next election in November 2008.

## Services

The city provides a broad range of services for the people who live, work in and visit our city.

The council has responsibility for services including the maintenance and upgrade of drains, roads, kerbing, nature strips, footpaths and garbage collection as well as libraries and art spaces, cleaning of parks and beaches, installation of street lighting and furniture and planting and watering of trees. During 2006/2007 the City of Port Phillip

- > kept 9 kilometres of beach clean and safe
- > emptied around 19,500 tonnes of garbage from 32,300 bins
- > collected 11,100 tonnes of recyclables (glass, plastic and metal)
- > maintained an extensive network of roads, drains, and footpaths, including 221 kilometres of roads
- > committed 60,000 hours to elderly and disabled people through the council's home care service
- > provided over \$173,690 in grants to community organisations.

More information about Port Phillip including maps, local history, a community profile, detailed neighbourhood profiles, a business profile and census information from the Australian Bureau of Statistics, is available on the council's website at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au)

## Your Councillors

All councillors were elected during 2004 to serve a term of four years. (Councillors details overleaf).



Cr Janet Bolitho



Cr Judith Klepner



Cr Karen Sait



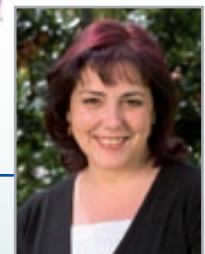
Cr Dick Gross



Cr Peter Logan



Cr Darren Ray



Cr Janet Cribbes



### **Janet Bolitho** (Mayor Dec 05 – Dec07)

#### Ward – **Sandridge**

Telephone - (03) 9209 6431 (*business hours only*)

Mobile - 0411 096 400

Fax - (03) 9536 2766

Email - jbolitho@portphillip.vic.gov.au

First elected – 2004

#### **Committees served on during 2006/2007**

- > Strategy and Policy Review Committee
- > Statutory Planning Committee
- > Audit Committee
- > Human Resources Committee
- > Indigenous Forum
- > Inner Melbourne Action Plan
- > Neighbourhood Programs Committee
- > Finance Subcommittee
- > Accommodation Strategy Taskforce
- > Sustainable Community Progress Indicators
- > Municipal Association of Victoria Melbourne 2030 Councillors Reference Group
- > Port Environs Forum
- > Sustainable Environment Consultative Committee
- > External Relations Taskforce
- > St Kilda's Edge Committee
- > Association of Bayside Municipalities
- > Inner South Metropolitan Mayors Forum
- > Municipal Association of Victoria Strategic Environment Advisory Group
- > Victorian Local Sustainability Accord Advisory Committee

#### **Reserve**

- > Urban History Consultative Committee
- > Municipal Association of Victoria Transport and Infrastructure Advisory Group

### **Peter Logan** (Deputy Mayor Dec 06 – Dec 07)

#### Ward – **Emerald Hill**

Telephone - (03) 9209 6705 (*business hours only*)

Mobile - 0412 697 074

Fax - (03) 9536 2718

Email - plogan@portphillip.vic.gov.au

First elected – 2004

#### **Committees served on during 2006/2007**

- > Strategy and Policy Review Committee
- > Statutory Planning Committee
- > Human Resources Committee
- > South Melbourne Market Management Committee
- > Finance Sub-Committee
- > Urban History Consultative Committee
- > Accommodation Strategy Task Force
- > Civic Projects and Citizens of the Year Panel
- > South Melbourne Town Hall Redevelopment Community Reference Panel
- > Melbourne Sports and Aquatic Centre Advisory Committee
- > Strategic Environment Action Group
- > Neighbourhood Programs Committee
- > External Relations Taskforce

#### **Reserve**

- > Inner Melbourne Community Road Safety Council
- > Young Persons Forum

### **Darren Ray**

#### Ward – **Alma**

Telephone - (03) 9209 6705 (*business hours only*)

Mobile - 0413 334 523

Fax - (03) 9536 27111

Email - dray@portphillip.vic.gov.au

First elected – 1999

#### **Committees served on during 2006/2007**

- > Strategy and Policy Review Committee
- > Statutory Planning Committee
- > GLBTI Forum
- > Port Phillip Housing Association Ltd – Board of Directors
- > Regional Housing Working Group

#### **Reserve**

- > Municipal Association of Victoria Melbourne 2030 Councillors Reference Group
- > Victorian Local Governance Association





## Janet Cribbes

Ward – **Ormond**

Telephone - (03) 9209 6705 (*business hours only*)

Mobile - 0411 098 553

Fax - (03) 9536 2769

Email - [jcribbes@portphillip.vic.gov.au](mailto:jcribbes@portphillip.vic.gov.au)

First elected – 2004

### Committees served on during 2006/2007

- > Statutory and Policy Review Committee
- > Statutory Planning Committee
- > Metropolitan Transport Forum
- > Community Plan Steering Committee
- > Older Persons Consultative Committee
- > Community Grants Assessment Panel
- > Elwood Cleaning Project
- > Municipal Association of Victoria Transport & Infrastructure Advisory Group
- > Drugs Round Table
- > Community representative - Elwood Secondary College, School Council

### Reserve

- > Municipal Association of Victoria (additional and substitute representative)
- > Healthy & Safer Cities Alliance

## Karen Sait

Ward - **St Kilda**

Telephone - (03) 9209 6705 (*business hours only*)

Mobile - 0411 098 477

Fax - (03) 9536 2767

Email - [ksait@portphillip.vic.gov.au](mailto:ksait@portphillip.vic.gov.au)

First elected – 2004

### Committees served on during 2006/2007

- > Strategy and Policy Review Committee
- > Statutory Planning Committee
- > St Kilda's Edge Committee
- > Arts Advisory Committee
- > Community Plan Steering Committee
- > Entertainment Precinct Project
- > Friends of Suai Community Taskforce
- > Inner Melbourne Community Road Safety Council
- > Prostitution Control Act Ministerial Advisory Committee

### Reserve

- > Victorian Local Governance Association
- > Healthy & Safer Cities Alliance

## Dick Gross

Ward – **Blessington**

Telephone - (03) 9209 6705 (*business hours only*)

Mobile - 0411 446 167

Fax - (03) 9536 2719

Email - [dgross@portphillip.vic.gov.au](mailto:dgross@portphillip.vic.gov.au)

First elected – 1999

### Committees served on during 2006/2007

- > Municipal Association of Victoria Representative
- > Strategy and Policy Review Committee
- > Statutory Planning Committee
- > St Kilda's Edge Committee
- > Finance Sub Committee
- > Accommodation Strategy Task Force
- > Metropolitan Waste Management Group

### Reserve

- > Metropolitan Transport Forum

## Judith Klepner

Ward – **Albert Park**

Telephone - (03) 9209 6705 (*business hours only*)

Mobile - 0409 968 850

Fax - (03) 9536 2768

Email - [jklepner@portphillip.vic.gov.au](mailto:jklepner@portphillip.vic.gov.au)

First elected – 2004

### Committees served on during 2006/2007

- > Strategy and Policy review Committee
- > Statutory Planning Committee
- > South Melbourne Market Management Committee
- > Finance Sub Committee
- > Multicultural Forum
- > Young Persons Forum
- > Community Grants Assessment Panel
- > South Melbourne Town Hall Redevelopment Community Reference Panel
- > Albert Park Secondary College Steering Committee
- > Drugs Round Table
- > Healthy & Safer Cities Alliance
- > Municipal Association of Victoria Human Services Committee
- > Victorian Local government Association

### Reserve

- > Melbourne Sports and Aquatic Centre Advisory Committee



## 2006/07 Performance







## Our achievements

Awards won by the City of Port Phillip during 2006/2007 include:

Winner, three Royal Australian Institute of Architects Design Awards for Woodstock Rooming House

- > Interior Architecture Award 2007
- > Residential Architecture Multiple Housing Award 2006
- > Urban Design 2006

Winner, Australian Timber Design Award 2006

The design of the Excelsior Hall rooming house, Port Melbourne was a winner under two categories

- > Residential Class 2
- > Environmental Commitment

Indigenous Community Award 2007

The council's Indigenous Arts Officer, Bo Svoronos won the prestigious Unity Foundation Reconciliation Award for Individual Contribution to the Indigenous community. Bo was recognised in particular for his work on the Yalukit Wilam Ngargee: People Place Gathering Indigenous music festival and for work within the community.

Commendation, LGPro Awards  
St Kilda Street Art Project

## City improvements

In 2006/2007 the City of Port Phillip directed over \$19 million towards the rehabilitation, improvement and creation of infrastructure such as roads, footpaths, drains, parks and open space as well as the refurbishment of the St Kilda Town Hall which, when complete, will improve service delivery and create more spaces for community groups to meet. The scope of the council's capital works program extended from renovations for various child care centres to upgrades to the South Melbourne Market and beautification of the St Kilda Promenade.

Following is a snapshot of the City of Port Phillip's 2006/2007 capital works expenditure:

Poet's Grove Family and Children's Centre \$1.7 million

Established a family and children's services hub in Elwood providing 60 long day care and 30 kindergarten places, the option of an additional 15 occasional care places, maternal and child health services and flexible multi use spaces for related family and children's activities.

Ada Mary A'Beckett Children's Centre  
Renovations \$78,000

Completed renovations to existing Children's Centre.

Clark Street Children's Centre  
Renovations \$205,000

Completed renovation to existing building to retain 12 child care places under threat due to compliance issues. The works will also add another 6 places to the centre.

Coventry Street Children's Centre  
Renovation \$752,000

Renovation of existing Children's Centre to provide an additional 10 long day care places over the existing 50 places.

South Melbourne Market Master Plan  
Stage 2 compliance \$2.6 million

- > Deli aisle and food court refurbished
- > A number of Cecil Street takeaway stalls redeveloped
- > Hot and cold water supplies provided to the fruit and veg traders
- > The delivery and waste management areas redeveloped
- > Fire and smoke detection and alarm system installed.

The above works were required to bring these areas of the market up to the requirements of the Food Act and other OH&S regulations.

Town Halls Strategy  
St Kilda Town Hall \$10.85 million

Alterations and additions to the Port Phillip municipal offices to enhance service delivery to the community.

St Kilda Foreshore Promenade \$1.2 million

To implement a staged program of capital works which respond to the recommendations of the St Kilda UDF relevant to the foreshore promenade and the pier entry between West Beach and Brookes Jetty. Three precincts have been identified which include:

- > Pier entry, the proposed works will improve the amenity of the foreshore and include an upgrade and realignment of the pedestrian/bike paths, improved beach access, pier entry improvement works, traffic treatments and landscaping
- > Foreshore promenade south of pier entry
- > Foreshore promenade north of pier entry & Royal Melbourne Yacht Squadron.

Footpath resurfacing program \$495,000

Road resurfacing program \$790,000

Lane reconstruction \$542,000

## Planning for the future

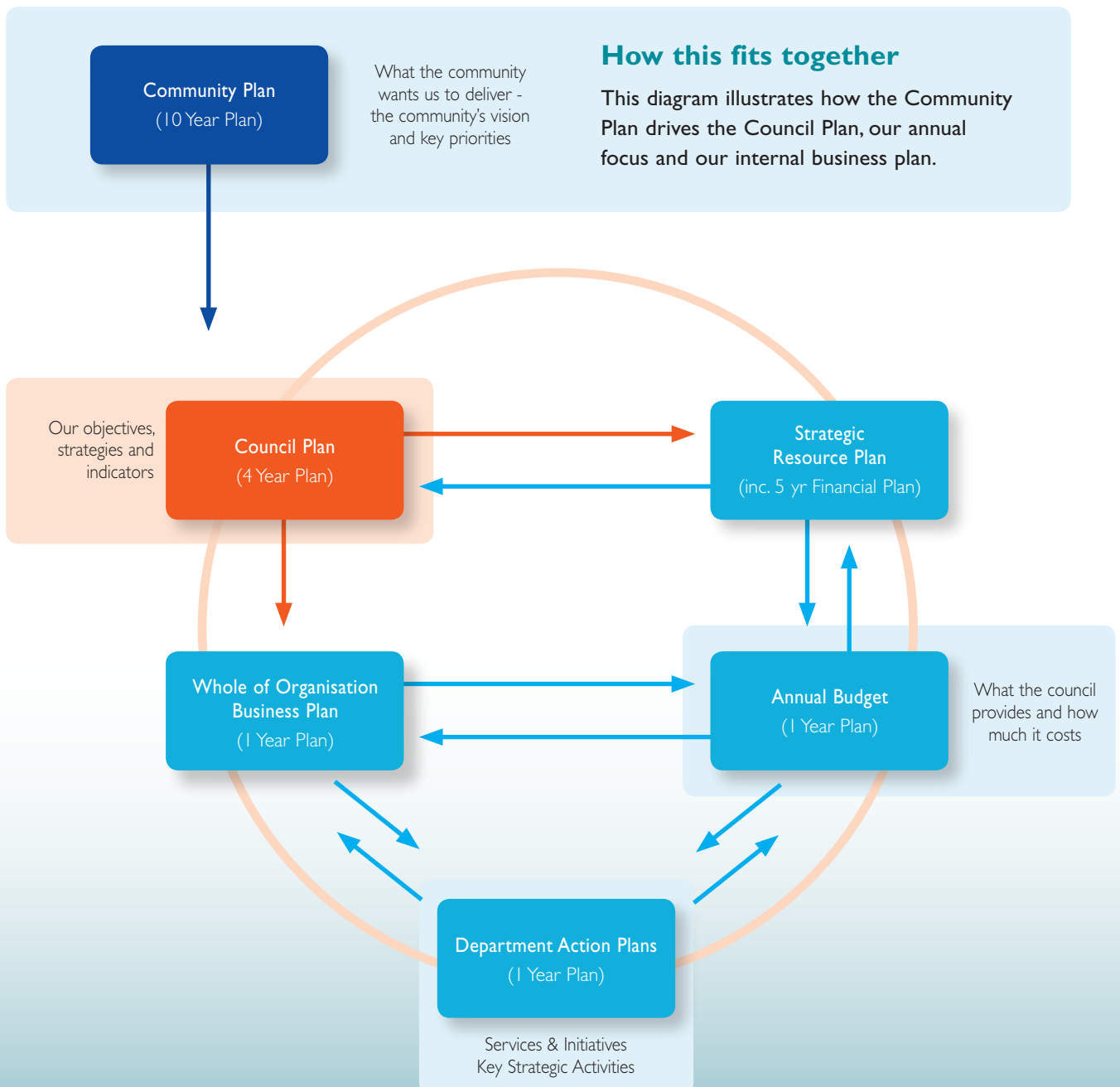
At the City of Port Phillip we understand that planning for a better future involves working closely with our community to develop and deliver better services for all who live, work, and play here.

Local people are invariably the best source of knowledge and wisdom about their surroundings. People feel more attached to an environment they have helped create which is why a ten year Community Plan is developed for and by the Port Phillip community. It contains the community's vision and key priority areas and provides an overarching framework which guides and influences the work of the council.

The four year Council Plan sets out strategic objectives, strategies and resource allocation for the current council. The Strategic Resource Plan outlines how the council will allocate its financial, and non-financial resources to achieve its four year plan. In addition, the council develops an Annual Plan, which includes the key strategic activities it will undertake in the coming financial year.

Through the Annual Report, the council provides a Performance Statement (see page 25), which reports on achievements of the key strategic activities and comments on the targets set in May when the budget was prepared.

The planning cycle at Port Phillip has been illustrated in the diagram below.





## Ten Year Focus - Community Plan

In 2006/2007 the council worked closely with the Port Phillip community to develop a new Community Plan for 2007-2017.

### What is the Community Plan?

Every ten years, the Port Phillip community comes together to develop a plan that describes the sort of community that everyone - residents, business, traders and visitors - would like to be part of. The plan is an agreed framework of priorities and an agenda for action for the next decade. It significantly guides and informs the council and city planning processes.

### How is the Community Plan being developed?

The council started work on developing the new Community Plan in early 2006. The first stage was collecting information on what the community values. An extensive campaign was run to obtain as many views as possible and a community plan questionnaire was widely distributed and promoted across the municipality. In addition, council officers spoke to many community groups, addressed forums, school groups and other community gatherings in order to seek feedback on our community.

In September 2006 a Joint Community Plan Steering Committee was convened. The Joint Steering Committee comprised five community representatives and five representatives of the council.

The committee's role was to oversee the development of the Community Plan and to plan for a community summit that would bring a wide range of people together from a diverse range of backgrounds.

More than 750 people who live, work in and visit the City of Port Phillip gathered at the Melbourne Sports and Aquatic Centre on Saturday, 28 April 2007, to develop priorities for the new Port Phillip Community Plan. Participants at the Port Phillip Speaks Community Summit came from all walks of life and represented the diversity of our community. Using interactive technology, participants worked with trained facilitators to discuss local issues and help shape the city's future.

Over the course of the day, participants reviewed and updated the vision statement that had been created for Port Phillip ten years ago as well as agreed on the top city-wide priorities for the next ten years.

## The draft Community Plan vision

The following is a draft community vision developed on the day of the summit by all participants.

'Our vision for the City of Port Phillip is of a city where diversity and harmony are encouraged and everyone can move freely and safely. A place where all members of the community can feel a sense of belonging and pride. There is a shared responsibility to ensure that all people, regardless of age or cultural or socio-economic background, can enjoy our city and participate in all it has to offer.

We envisage a city where the environment is valued and protected; where our air and water are clean, and our parks and gardens are well maintained for the enjoyment of all. Our foreshore is protected and enhanced and provides a sanctuary for citizens and wildlife alike. Where we all take pride in our environment and regularly set targets to measure progress.

Our city will be one in which the needs of residents, businesses and visitors are met through responsible planning and innovative development that is responsive to our unique heritage and identity. Inappropriate and poorly located high-rise development is restricted and a balance is maintained between everyone's needs.

Traffic and transport in our city shall be effectively managed to improve traffic flow and the benefits to public transport users, pedestrians and cyclists. Parking facilities are balanced to reduce traffic congestion and optimise public transport links whilst encouraging environmentally sustainable modes of travel.

We value the dynamic and distinct character of our neighbourhoods, and want citizens, visitors and businesses involved in local decisions. We want our local council to be a leader in community consultation and communication, strategic planning, accountability and advocacy.

We envisage that our city's services match the people's needs, are innovative, responsive and continually improving. The performance of these services is measured regularly against objectives that are set in consultation with the community.

Our vision is of a city where the council services provide support to four key objectives - social equity, environmental responsibility, economic viability and cultural vitality - to create a sustainable and harmonious future'.





### **The Community's Top 10 Priorities Weighted by Age (Voted at Summit)**

1. Transforming public transport planning, capacity, reliability & incentives for use.
2. Manage water use and re-use, planting and park usage for prolonged drought.
3. Continue to support the disadvantaged, disabled and low-income to remain in the city and support affordable housing, even as the city grows more affluent.
4. Encourage environmentally sustainable design, while advocating for mandatory state government controls to reduce greenhouse emissions and water consumption.
5. Develop a sustainable bayside city planning scheme as a model to other councils. Highlight environmental sustainability, economic development, quality urban design and social and community amenity.
6. Make the physical environment support community - "claim our streets", e.g. street parties, better lighting (to improve safety at night), spaces for young people, extend community bus, use public gardens, better public transport, better spaces for pedestrians.
7. Require new developments to be self-sufficient in parking and invest in non-car transport options, e.g. bike racks, public transport.
8. Improve event management to reduce environmental impact and better manage the effect on the community.
9. Develop safe and affordable cultural events and entertainment opportunities, involving people across age and interest groups providing alternatives to licensed venues.
10. Reduce impact of major events (eg Grand Prix) on parks.

### **The Top 3 Priorities across Topics Weighted by Age (Voted at Summit)**

#### **Parking**

1. Transform public transport planning, capacity, reliability and incentives for use.
2. Improve walking paths and bike lanes and develop incentives for non-car transport through car free streets, reducing speed limits, enhancing provision for bikes, pedestrians, community bus services & shuttles, improving safety and environment .
3. Require all new developments regardless of location to be self-sufficient in car parking (e.g. to provide new parking to fully meet demand) and to invest in non-car transport options (e.g. bike racks, public transport).

#### **Building Community**

1. Make the physical environment support community – 'claim our streets', e.g. street parties, better lighting (to improve safety at night), spaces for young people, extend community bus, use public gardens, better public transport, better spaces for pedestrians.
2. Continue to support the disadvantaged, disabled and low-income to remain in the city and support affordable housing even as the city grows more affluent.
3. Help people in our community share their talents, resources and assets – with initiatives like a skills database, 'willing volunteer' register and innovative uses of community facilities. Match these assets with needs in the community.



## Urban Planning

1. Encourage environmentally sustainable design while advocating for mandatory state government controls to reduce greenhouse emissions and water consumption.
2. The council works with relevant authorities to support the active management of waterways, foreshores, parkland and public amenities, to protect impact of community on urban waterways, foreshore and Port Phillip Bay.
3. Develop a model of sustainable bayside city planning scheme - others to follow as example - model planning scheme. Highlights environmental sustainability, economic development, quality urban design and social and community amenity.

## Entertainment and Residential Amenity

1. Improve event management to reduce environmental impact and better manage the effect on the community.
2. Develop safe and affordable cultural events and entertainment opportunities, involving people across age and interest groups providing alternatives to licensed venues.
3. More rigorous enforcement of permit conditions on restaurants, bars and clubs.

## Public Open Space

1. Manage water use and re-use, planting and park usage for prolonged drought.
2. Reduce impact of major events (GP) on parks.
3. Create more open space (e.g. purchase with developer contributions).

## Next steps

The council is supporting the community to finalise the Community Plan, which should happen by late 2007.

## Four Year Focus - Council Plan

The 2005/2009 Council Plan outlines four main goals, strategic objectives and strategies. A summary of the council's Strategic Resource Plan is also included and explains allocation of our financial and non-financial resources to achieve our strategic objectives.

The Council Plan lists major initiatives and key strategic activities from the 2006/2007 budget and includes performance targets and measures.

The council's performance against commitments made in 2006/2007 is demonstrated in a number of ways throughout this Annual Report.

The highlights table (see page 21) summarises annual performance at a glance and the performance statement reports (see page 25) on the key strategic activities selected to represent the top priorities for the organisation in 2006/2007.

## Seven Challenges Review Table

The council is committed to making a real difference for the city of Port Phillip. In the 2005/2009 Council Plan, the council set itself seven challenges to focus on during the course of its four year term.

The following table lists the results for the last two years against the strategic indicators the council has set for itself. It also lists some of the achievements made under each of the seven challenges.

## Challenge I – Local Services and Community Centres

<b>Challenge</b>	<p><b>I. Better local services and consolidated community centres –</b>  <i>Are we building our community and providing better services?</i>  <i>Are we providing popular, local community centres where people can access services and participate in community life?</i></p>
<b>Strategic Indicators</b>	<ul style="list-style-type: none"> <li>&gt; Percentage of the community who rate the range of options for leisure, recreation and entertainment as adequate or better - 05/06 = 92%, 06/07 = 89%.</li> <li>&gt; Number of new additional groups and activities introduced into community centres – in 05/06 - 29 new groups and 13 new activities, in 06/07 - 22 new groups and 13 new activities.</li> <li>&gt; Community centres and community facilities usage across all centres - 05/06 = 75%, 06/07 = 80%.</li> <li>&gt; Percentage of community rating satisfaction for overall performance as adequate or better in health and human services – 05/06 = 73%, 06/07 = 79%.</li> </ul>
<b>Other Achievements</b>	<ul style="list-style-type: none"> <li>&gt; Resolved location of South Melbourne Community Hub within the Emerald Hill Precinct in consultation with the local community.</li> <li>&gt; 105 community projects funded under the council's Community Grants Scheme.</li> <li>&gt; Poet's Grove Family &amp; Children's Centre on its way to completion by September 2007.</li> <li>&gt; Middle Park Community Centre reopened following renovation.</li> <li>&gt; Completed renovations at Coventry Children's Centre and Clark Street Children's Centre.</li> <li>&gt; Commenced works at North St Kilda Children's Centre and Ada Mary A'Beckett Children's Centre.</li> <li>&gt; Resolved the future of the Mary Kehoe Centre which will remain as a local community centre with multiple purpose use.</li> <li>&gt; Focussed considerable effort in raising awareness of the community and volunteers sectors. The past 12 months has seen, on average, 250 hits to the Volunteer Register on the website per month.</li> <li>&gt; Facilitated 27 street parties. For more information about holding, attending or planning for a street party go to: <a href="http://www.portphillip.vic.gov.au/streetlife.html">http://www.portphillip.vic.gov.au/streetlife.html</a>.</li> </ul>
<b>Way Forward</b>	<p>We will continue to improve our community services for all ages, including the development of community hubs, increasing the use of community centres and facilities and upgrading our childcare centres. In 2007-2008 the council aims to find a suitable site for a 60-90 bed aged high care facility.</p> <p>We will also focus on analysing and reporting the findings of the 2006 census, strengthen the volunteering sector; support community to deliver neighbourhood priorities identified in the Community Plan and further develop the Emerald Hill / South Melbourne community, cultural and civic hub.</p>





## Challenge 2 – A better environment

<p><b>Challenge</b></p>	<p><b>2. Build a better environment –</b>  <i>Is the city's 'green' performance improving and are sustainable transport choices increasing?</i></p>
<p><b>Strategic Indicators</b></p>	<ul style="list-style-type: none"> <li>&gt; The council's corporate water consumption per annum: 05/06 = 322 mega litres, 06/07 = 188 mega litres.</li> <li>&gt; Annual residential waste generation per capita (SCPI) – 05/06 = 249 kg, 06/07 = 217 kg.</li> <li>&gt; Annual residential recycling rate per capita (SCPI) - 05/06 = 36.1%, 06/07 = 38%.</li> <li>&gt; Primary aged school children in the walking bus scheme that walk to school – 05/06 = 31%, 06/07 = 32%.</li> <li>&gt; Community members who rated the council as adequate or better in addressing environmental issues at the local level – 05/06 = 79%, 06/07 = 75%.</li> <li>&gt; Community members who rated safety for pedestrians and cyclists as adequate or better – 05/06 = 74%, 06/07 = 74%.</li> <li>&gt; Community members who rated ease of travelling around the area as adequate or better – 05/06 = 83%, 06/07 = 84%.</li> <li>&gt; Community satisfaction rating for overall performance as adequate or better:             <ul style="list-style-type: none"> <li>- Appearance of the overall outdoor environment – 05/06 = 76%, 06/07 = 88%.</li> <li>- Traffic management and parking facilities – 05/06 = 53%, 06/07 = 53%.</li> <li>- Waste management – 05/06 = 81%, 06/07 = 80%.</li> </ul> </li> </ul>
<p><b>Other Achievements</b></p>	<ul style="list-style-type: none"> <li>&gt; The council's greenhouse gas emissions per annum decreased 05/06 = 15,254 tonnes e-Co<sub>2</sub>, 06/07 = 15,050 tonnes e-Co<sub>2</sub>.</li> <li>&gt; Adopted a strategy with targets to manage carbon emissions in the council's own operations and within the community.</li> <li>&gt; Obtained Vic Roads cooperation to introduce longer pedestrian crossing times to several crossings in the city.</li> <li>&gt; New bicycle/walking paths, raised pavement, roundabout and tram stops were built to favour pedestrians.</li> <li>&gt; Worked towards a plastic free Ormond Road shopping centre.</li> <li>&gt; Obtained state government and Yarra Trams support for new tram initiatives.</li> <li>&gt; Completed a feasibility study for Park Street Tram and Port Melbourne to St Kilda Foreshore link.</li> </ul>
<p><b>Way Forward</b></p>	<p>The council was pleased to see a reduction in its greenhouse gas emissions and committed to zero net emissions by 2020. There were also favourable results in reducing the council's water usage. The Sustainable Living at Home program did not run in this financial year but it will recommence in the coming year.</p> <p>Next year will see an ongoing focus on advocating for increased commitments by government and transport providers to pursue infrastructure improvements. The council will also focus on improving community satisfaction with the way the council addresses environmental issues at the local level.</p>



## Challenge 3 – Our Special Places

<p><b>Challenge</b></p>	<p><b>3. Renewing our special places –</b>  <i>Are we looking after our special places such as the foreshores, town halls and commercial strips?</i></p>
<p><b>Strategic Indicators</b></p>	<p>Significant progress on the following major projects:</p> <ul style="list-style-type: none"> <li>&gt; <b>St Kilda’s Edge</b> – significant progress has been made with the appointment of Babcock &amp; Brown/Citta announced as the successful bidder for the landmark St Kilda Triangle site development. Construction has started on a new \$7.7 million boardwalk running from the pier to Donovan’s.</li> <li>&gt; <b>Port Melbourne waterfront</b> – secured \$14 million in State Government funding to truncate Princes Pier. Restoration of the first 196m of the pier is expected to begin in August 2007. Design work began on Beach Street with a consultant study focusing on operations of Station Pier, traffic management and public realm improvements. The Sandridge Beach bike path was opened.</li> <li>&gt; <b>South Melbourne Central (SMC)</b> (includes South Melbourne Market) Progressed the SMC amendment to the planning scheme. Construction works at the market have been finalised as has the South Melbourne Coles supermarket redevelopment which will be due to reopen in August 2007.</li> <li>&gt; <b>St Kilda Town Hall redevelopment</b> – building works are underway and near completion.</li> <li>&gt; Resolution of the future of the South Melbourne Community Hub with extensive community input.</li> <li>&gt; Percentage of community rating satisfaction for overall performance in key service areas and responsibilities in the following areas as adequate or better:             <ul style="list-style-type: none"> <li>- Local roads and footpaths – 05/06 = 70%, 06/07 = 74%.</li> <li>- Town planning policy and approvals – 05/06 = 66%, 06/07 = 58%.</li> </ul> </li> </ul>
<p><b>Other Achievements</b></p>	<ul style="list-style-type: none"> <li>&gt; Approved Tourism Strategy to better manage visitation precinct marketing and communication.</li> <li>&gt; Parks Victoria commenced detailed master planning for the St Kilda Harbour.</li> <li>&gt; The community has identified climate change as a key issue in its Community Plan and has commenced several local projects.</li> <li>&gt; Commenced works and detailed planning for the Fitzroy Street St Kilda Foreshore Connection Project.</li> <li>&gt; Facilitated community formation of Fitzroy Street Task Force to manage entertainment precinct issues.</li> </ul>
<p><b>Way Forward</b></p>	<p>The council did well in terms of gaining State Government support, both in principle and financially, for some of the key place management initiatives.</p> <p>A huge achievement was announcing the successful redevelopment of the St Kilda Triangle site. We will continue to progress the Town Hall works and the St Kilda Edge project over the next year, with many exciting stages in these key projects.</p>



## Challenge 4 - Community engagement

<b>Challenge</b>	<p><b>4. Bringing people together to make our city better –</b>  <i>Are we promoting connection, inclusion and engagement? Are we encouraging people to contribute and participate? Are we doing enough about childcare and aged care issues for our community?</i></p>
<b>Strategic Indicators</b>	<ul style="list-style-type: none"> <li>&gt; Community members who feel encouraged to participate in decisions that affect them and their neighbourhood - 05/06 = 51%, 06/07 = 52%.</li> <li>&gt; Participation through Community Grants Scheme – 05/06 = 26% of the community, 06/07 = 25%.</li> <li>&gt; Residents of culturally linguistic and diverse backgrounds participating in the Community Meals Program – 05/06 = 50%, 06/07 = 50%.</li> <li>&gt; Achieved actions in the Municipal Early Years plan – 05/06 = 100%, 06/07 = 75%.</li> <li>&gt; Number of additional childcare places available within the municipality, council and community 05/06 = 8 places saved, 35 new places, 06/07 = 18 places saved, 16 new places; private – 140 new places.</li> <li>&gt; Number of community housing units in the community housing program – 05/06 = 389 units in 17 projects housing 460 persons, 06/07 = 81 units in 3 new projects under construction.</li> <li>&gt; Hosted 400 people for the Citipower Port Phillip Business Excellence Awards which celebrates local business initiatives.</li> </ul>
<b>Other Achievements</b>	<ul style="list-style-type: none"> <li>&gt; Implemented many of the Disability Action Plan initiatives.</li> <li>&gt; Conducted several specific events including the citizenship ceremonies.</li> <li>&gt; Conducted community wide questionnaires as part of the Community Plan and received 2,331 responses.</li> <li>&gt; Hosted Port Phillip Speaks Community Summit where 750 people came together to develop a draft Community Plan.</li> <li>&gt; Bi-monthly Business Breakfast held.</li> <li>&gt; Discussions began regarding the new future of the South Melbourne Town Hall. The council regained control of the building for the first time since 1995. The promised community hub will go ahead as planned, on the ground floor of the western wing.</li> <li>&gt; The 2006-2016 Ageing Well Strategy was finalised and will be launched in early August 2007.</li> <li>&gt; Multicultural Strategic Framework developed.</li> </ul>
<b>Way Forward</b>	<p>The council did not proceed as well as it would have liked on the important topics of the South Port Community Residential Home and the Port Phillip Residential Care Sector in the Municipality due to the difficulty of locating a suitable site and obtaining support for the residential care sector. These will be a focus for the organisation in 2007/2008.</p> <p>The council has done well in engaging the community to develop a ten year Community Plan for the city. The council has successfully created energy and debate around some of the big issues such as how to pursue climate change initiatives, support for neighbourhood projects and community leadership.</p>





## Challenge 5 – Regional collaboration

<p><b>Challenge</b></p>	<p><b>5. Regional collaboration –</b>  <i>How well are we working with neighbouring councils and state government to get the best outcomes for our city?</i></p>
<p><b>Strategic Indicators</b></p>	<ul style="list-style-type: none"> <li>&gt; <b>Joint Councils Access for All Abilities (JCAAA)</b> ongoing work with local sports, recreation and arts providers to develop recreation opportunities for people with disabilities. JCAAA also promotes partnerships between community-based sport, recreation and arts providers and services within the disability, health, education, government and community sectors. The service is funded by Sport and Recreation Victoria under the Access for All Abilities Program and the Department of Human Services Southern Region.</li> <li>&gt; <b>Inner Melbourne Action Plan;</b> agreement with four councils to set up Section 86 Committees to integrate and plan projects to improve inner Melbourne.</li> <li>&gt; <b>St Kilda Road Joint Action Plan</b> – ongoing work with the Melbourne City Council to ensure that residents and businesses in both sides of St Kilda road enjoy seamless service provision and attention.</li> <li>&gt; <b>Albert Park Reserve MOU</b> – continuing to ensure the various users needs and issues are addressed where possible due to the cooperation between the council, the Grand Prix Corporation and Parks Victoria. In 06/07, there has been a range of improvements to Albert Park totalling \$2 million. These have included security for club rooms, parkland improvements such as irrigation, boardwalk sections and tree plantings, oval works including junior cricket practice nets, soccer pitch works, sustainable playing surfaces fields, lights and oval irrigations.</li> </ul>
<p><b>Other Achievements</b></p>	<ul style="list-style-type: none"> <li>&gt; Collaboration with State Government on public transport initiatives and support for platform tram stops in Fitzroy Street and St Kilda Road.</li> <li>&gt; Support for feasibility study into the Port Melbourne to St Kilda public transport link and the South Melbourne Park Street tram link.</li> <li>&gt; MAV (Municipal Association of Victoria) facilitated a “Future of Local Government Forum” – council adopted the draft framework which promotes cooperation between councils.</li> </ul>
<p><b>Way Forward</b></p>	<p>The implementation of the challenge has been achieved, within the second year of its program, which centred around; developing people skills in identifying business opportunities, seeking potential partners and champions and being opportunistic in the possibilities for shared service delivery.</p> <p>Significant achievements have been made in Albert Park and St Kilda Road and in promoting shared public transport agendas with neighbouring councils.</p>



## Challenge 6 – Effective Lobbying

<b>Challenge</b>	<b>6. Effective lobbying –</b> <i>Are our top issues prominent in the Federal and State government’s agendas?</i>
<b>Strategic Indicators</b>	<ul style="list-style-type: none"> <li>&gt; Percentage of community rating satisfaction for council's advocacy and community representation on key local issues as adequate or better - 05/06 = 85%, 06/07 = 81%.</li> <li>&gt; Proportion of media releases which have generated coverage in the media – 05/06 = 84%, 06/07 = 79%.</li> </ul>
<b>Other Achievements</b>	<ul style="list-style-type: none"> <li>&gt; Continued constructive negotiations with state government around de-contamination of Gasworks Park.</li> <li>&gt; Lobbied for aged care places in the municipality.</li> <li>&gt; Ran Harmony Day postcard campaign to lobby the Federal Government to put multiculturalism back on the agenda.</li> </ul>
<b>Way Forward</b>	<p>The support obtained from the State Government for core infrastructure, service and liveability improvements for our community was achieved by the council being focussed on ensuring its lobbying efforts were coordinated, targeted to serve the community's interest and featured in the Federal and State Government's agendas. We spent much time in 2006/2007 researching our community values and needs and bringing the community together to develop the next 10 year Community Plan.</p> <p>Our focus in 2007/2008 will be on strategic collaboration and partnership. Working effectively with all neighbours and all stakeholders to get the best outcomes for our city and ensuring our top issues are factored into all levels of decision making.</p>

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## Challenge 7 – Service and stewardship

<p><b>Challenge</b></p>	<p><b>7. Effective service and council stewardship –</b>  <i>Do we provide services where and when they are needed?</i>  <i>Are we laying the foundations today for an even greater council in the future?</i></p>
<p><b>Strategic Indicators</b></p>	<ul style="list-style-type: none"> <li>&gt; Community who consider value for money rates as adequate or better 05/06 = 69%, 06/07 = 74%.</li> <li>&gt; Community rating satisfaction with overall performance generally of the council as adequate or better – 05/06 = 85%, 06/07 = 82%.</li> <li>&gt; Community rating satisfaction for council's engagement in decision making on key local issues as adequate or better – 05/06 = 75%, 06/07 = 68%.</li> <li>&gt; Customer requests closed each quarter within the allocated period under the Customer Request Management System guidelines – 05/06 = 94%, 06/07 = 97%.</li> <li>&gt; Community rating satisfaction for overall performances as adequate or better:             <ul style="list-style-type: none"> <li>- Enforcement of by laws – 05/06 = 74%, 06/07 = 70%.</li> <li>- Economic development – 05/06 = 87%, , 06/07 = 83%.</li> </ul> </li> <li>&gt; Rate revenue utilised to pay interest and redeem debt principle – 05/06 = 1.42%, 06/07 = 1.65%.</li> </ul>
<p><b>Other Achievements</b></p>	<ul style="list-style-type: none"> <li>&gt; Percentage of Customer Requests where initial customer contact was made within the agreed Same Day Service standard (2 working days) – 05/06 = 75%, 06/07 = 91%.</li> <li>&gt; Total insurance expenditure for 06/07 = \$1,539,500 total insurance expenditure for 07/08 = \$1,236,028 the difference equals a 19.7% total reduction in expenditure for the council.</li> <li>&gt; Introduced a financial mindset and business planning processes to council's everyday operations.</li> </ul>
<p><b>Way Forward</b></p>	<p>In 2006/2007 there were improvements in community satisfaction with regards to value for money for rates but declines in some other important indicators. These areas related to community satisfaction with the council's overall performance, engagement in decision making on key local issues, enforcement of local laws and economic development. These are areas that will receive greater focus in the coming twelve months.</p> <p>The organisation will see a strong concentration on embedding the business planning framework in the year ahead and commence regular reporting of key performance indicators, ensuring we meet our financial targets.</p> <p>The council will implement the Information Technology Services Strategic Plan to support our community and organisation, develop and implement a property management strategy to provide a coordinated and strategic approach to property management and further improve our customer management approach in order to meet customer needs in order of priority. We will continue to develop and strengthen our financial sustainability and develop and maintain strong relationships with our customers.</p>





## Annual Highlights – 4 Pillars

This table is a snapshot of the council’s performance during 2006/2007.

Further information on corporate/council plan indicators is also available on the council’s website at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au)

### Social Equity



<b>Goals</b>	<i>To build a just, resilient, healthy and inclusive city with equitable access to responsive and relevant services and resources.</i>
<b>Outcomes</b>	The council has improved the understanding of the current performance of community facilities, implemented the new child care policy, completed the review of the Health and Community Safety Plan and completed the works in the Middle Park Community Centre.
<b>Outputs</b>	<p>Initiatives planned – 6, Initiatives completed – 5</p> <p>Some examples:</p> <ul style="list-style-type: none"> <li>&gt; Planning approvals for 250 new child care places and 140 new private child care places delivered.</li> <li>&gt; 31 community housing units completed.</li> <li>&gt; 88% of the community feel they have a good or excellent quality of life.</li> <li>&gt; 93% of the community agree that Port Phillip is an accepting place for people from diverse cultures and backgrounds.</li> <li>&gt; 27 street parties held.</li> <li>&gt; 25% of the community participated in community activities through the community grants scheme.</li> <li>&gt; 78% of the community feel they have the opportunity to participate in affordable local community events and activities.</li> </ul>
<b>Way Forward</b>	<p>In 2007/2008 the council will focus on:</p> <ul style="list-style-type: none"> <li>&gt; Developing the South Melbourne community, cultural and civic hub within the Emerald Hill precinct and completing the concept for redevelopment of Betty Day Community Centre.</li> <li>&gt; Resolving the site for 60-90 bed high care places and promoting a collaborative approach amongst local not for profit providers to address shortfall of places and packages for all levels of care.</li> <li>&gt; Updating our understanding of our community by analysing and widely reporting the findings within the 2006 census data to inform strategic service planning for both council and community.</li> <li>&gt; Commencing the implementation of the new Municipal Public Health and Safety Plan.</li> <li>&gt; Establishing a second community bus to complement the existing service to operate between Port Melbourne, South Melbourne and St Kilda.</li> </ul>



## Economic Viability

<b>Goals</b>	<i>To promote effective stewardship of the city's assets and promote positive economic development within Port Phillip that also supports the council's social, cultural and environmental goals.</i>
<b>Outcomes</b>	The council has made considerable progress on projects within the St Kilda's Edge and Port Melbourne Waterfront foreshore areas. This includes selection of a preferred developer for the St Kilda Triangle site; adoption of the Tourism Strategy; receipt of state government funding for the St Kilda Festival; progressed a range of improvements to the South Melbourne market; worked with the City of Melbourne to develop a united approach to the management of the industrial precincts in Fishermens Bend; reviewed the Strategic Resource Plan and developed a set of financial principles to guide forward planning.
<b>Outputs</b>	<p>Initiatives planned – 17, Initiatives completed – 13</p> <p>Some examples:</p> <ul style="list-style-type: none"> <li>&gt; 74% of the community considered value for money rates as adequate or better.</li> <li>&gt; 85% of the community rate overall performance in economic development as adequate or better.</li> <li>&gt; 82% of the community rate the overall performance of the council as adequate or better.</li> </ul>
<b>Way Forward</b>	<p>In 2007/2008 the council will focus on:</p> <ul style="list-style-type: none"> <li>&gt; Completing works at the St Kilda Town Hall and open it to the public from December 2007.</li> <li>&gt; Develop and implement a property management strategy to provide a coordinated and strategic approach to property management across the organisation.</li> <li>&gt; Drive delivery of the Tourism Strategy.</li> <li>&gt; Deliver pilot project seeking a shared approach to the future management, use and development of Fitzroy Street precinct .</li> <li>&gt; Develop, implement and promote a Customer Service Model leading to revised service standards.</li> </ul>



## Environmental Responsibility

<b>Goals</b>	<i>To foster a liveable and attractive urban environment that uses fewer finite resources.</i>
<b>Outcomes</b>	<p>The council progressed sustainable transport initiatives within the city, further developed an effective relationship with the Port of Melbourne and held a community forum.</p> <p>A feasibility study was completed on the Park Street connection in conjunction with Yarra Trams The council undertook a detailed assessment on the impact of climate change on the city and made recommendations for the future.</p> <p>The council implemented the findings of the Open Space Strategy and obtained state government commitments to both the next stage of the Plummer Street bypass and Dockside Road.</p>
<b>Outputs</b>	<p>Initiatives planned – 14, Initiatives completed – 9</p> <p>Some examples:</p> <ul style="list-style-type: none"> <li>&gt; 80% of the community rate overall performance in waste management as adequate or better.</li> <li>&gt; 88% of the community rate appearance of overall outdoor environmental as adequate or better.</li> <li>&gt; 93% of the community rate appearance of parks and gardens as adequate or better.</li> <li>&gt; 85% of the community rate ease of travelling around the area as adequate or better.</li> <li>&gt; 74% of the community rate safety for pedestrians and cyclists as adequate or better.</li> <li>&gt; 75% of the community rate satisfaction with the council's addressing of environmental issues at the local level as adequate or better.</li> <li>&gt; 58% take public transport more than they used to.</li> </ul>
<b>Way Forward</b>	<p>In 2007/2008 the council will focus on:</p> <ul style="list-style-type: none"> <li>&gt; Delivering the 2007/2008 capital works program of \$19,499,600.</li> <li>&gt; Finalising the environmental audit of Gasworks Park to inform the extent of remediation costs.</li> <li>&gt; Project managing the St Kilda promenade construction.</li> <li>&gt; Progressing sustainable transport options within the municipality in the areas of walking, cycling, public transport, road user safety and service and parking policy, including the Park Street tram connection.</li> <li>&gt; Developing an integrated local action plan to respond to climate change implications for our city.</li> </ul>

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## Cultural Vitality

<b>Goals</b>	<i>To support the conditions that allow communities within Port Phillip to express, experience and enjoy diversity of values, beliefs and aspirations.</i>
<b>Outcomes</b>	<p>The council has progressed several major strategic planning projects in Carlisle Street, South Melbourne Central and Ormond Road. The draft Community Plan was developed with the community at the Port Phillip Speaks Community Summit on 28 April 2007.</p> <p>The council supported regional collaboration on strategic projects and supported the Inner Melbourne Action Plan. The Public Toilet Strategy was adopted. The council and the local community came to agreement in relation to the future of the South Melbourne Town Hall precinct and developed the four year Sport and Recreation Plan.</p>
<b>Outputs</b>	<p>Initiatives planned – 13, Initiatives completed – 11</p> <p>Some examples:</p> <ul style="list-style-type: none"> <li>&gt; 68% of the community rate council's engagement in decision making on key local issues as adequate or better.</li> <li>&gt; 87% of the community rate overall performance of recreational facilities as adequate or better.</li> <li>&gt; 90% of the community rate the variety of arts and cultural events as adequate or better.</li> <li>&gt; 88% of the community rate the variety of sports and recreational activities as adequate or better.</li> <li>&gt; 89% of the community rate the range of options for leisure, recreation and entertainment as adequate or better.</li> <li>&gt; 81% of the community rate the council's advocacy and community representation on key local issues as adequate or better.</li> </ul>
<b>Way Forward</b>	<p>In 2007/2008 the council will focus on:</p> <ul style="list-style-type: none"> <li>&gt; Supporting the community to deliver the neighbourhood priorities identified in the new ten year Port Phillip Community Plan.</li> <li>&gt; Establishing a capacity to identify, support and connect community leaders.</li> <li>&gt; Further progressing the St Kilda's Edge Program of integrated public realm and cultural activity improvements, focusing on the St Kilda Triangle site redevelopment.</li> <li>&gt; Conducting the electoral representation review in conjunction with the Victorian Electoral Commission.</li> <li>&gt; Auditing the council's Municipal Strategic Statement and implementing via planning scheme amendment.</li> </ul>





## City of Port Phillip Performance Statement – 2006/2007

### Introduction

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

This performance statement reports on these activities and comments on the measures and targets that we set ourselves as part of the 2006/2007 budget.

Last financial year the council achieved 58% of the targets it set itself, which is a significant improvement on previous years and is due mainly to improved project planning and monitoring over the year.

As in previous years the council has set its targets at a high level to encourage a high level of performance and focus. It should therefore be noted that the council also came very close to three targets, making a potential achievement rate of 69% of targets set. Results need to be viewed from the perspective of what has been achieved to progress matters of high importance.

Key Strategic Activity	Measure	Performance Target	Actual	Comment
<i>I. Developing the new community plan and community leadership</i>	Completed Community Plan questionnaires	5,000 questionnaires received	2,331 questionnaires received	Not Achieved. Significant effort was placed on publicising the Community Plan questionnaire throughout the community. Unfortunately we did not achieve our target of 5,000 responses.
	Presentations on the new Community Plan at Neighbourhood forums	7 presentations on the new Community Plan	7 Neighbourhood forums held prior to June 2007	Achieved.
	Submissions on the draft Community Plan	100 submissions	No written submissions received 2007	Not Achieved. The Community Plan Summit was held on 28th April, with over 750 attendees. The Draft plan was available for public comment from this date but this process was not finalised by June 30th so the target of 100 submissions was not able to be achieved.
				The Community Plan will be finalised by late 2007.
	Draft Plan available for public comment	May 2007	28th April, 2007	Achieved. A draft plan was produced at the summit & made available for public comment.
	Expressions of interest to participate in community leadership training	100 expressions		Not Achieved. This model was superseded by a new model of leadership driven by the Neighbourhood Project Scheme, so community leadership training was not pursued.



Key Strategic Activity	Measure	Performance Target	Actual	Comment
2. Providing valued service to the community	Percentage rate satisfaction on how a matter was the handled when contacting council as adequate or better	85%	88%	Achieved.
	Percentage who contacted the council and felt they were:			
	- Treated fairly	80%	86%	Achieved.
	- Treated respectfully	80%	90%	Achieved.
	- Listened to	80%	83%	Achieved.
	Percentage of registered customer cases who say they have been contacted by the council about their request/complaint	92%	92%	Achieved.
	Percentage of customers contacted within 2 working days	90%	91%	Achieved.
3. Supporting the responsible use of leisure and entertainment precincts by visitors, residents and businesses	Entertainment precincts management protocol on Port Phillip website	March 2007		Not Achieved. Following a council briefing in February 2007, it was decided to test the protocol approach for the Fitzroy St Precinct with relevant stakeholders. Following a successful trial, municipal-wide protocols will be published.
	State government contribute commitment to financially to the St Kilda Festival	December 2006		Achieved.
	The council's approval of Port Phillip Visitor Strategy	March 2007		Not Achieved. The Visitor Strategy was approved by the council on July 2nd, 2007.
	Percentage of the community who rate the range of options for leisure, recreation and entertainment as adequate or better	90%	89%	Not Achieved.
	Percentage of the community who rate the variety of arts and cultural events as adequate or better	90%	90%	Achieved.
	Percentage of the community who rate the variety of sports and recreational activities as adequate or better	90%	88%	Not Achieved.
	Percentage of the community that has attended a local community event in the past 6 months such as a fete, festival or school concert	60%	55%	Not Achieved. This is a difficult target to influence as it is outside the council's direct control. But the desirability of involvement in local events should be encouraged and tracked.



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Key Strategic Activity	Measure	Performance Target	Actual	Comment
4. Resolving the future of the South Port Community Residential Home securing the former nursing home site for continuing community enjoyment	Agreement on new site location	December 2006		Not Achieved. A Land Bank proposal is being developed by the Department of Human Services for a site that may be suitable for the redevelopment – the outcome should be known by June 2008.
	A council resolution approving site remediation plan	March 07		Not Achieved. The site remediation plan has not yet been developed. The engagement of an Environmental Auditor to prepare the plan is under way.
	Request made to State Government for assistance on site remediation	June 07		Achieved. A request has been made for the full costs associated with the remediation and clean up of the site. The Department of Treasury and Finance have noted the council's request and are awaiting more detail on likely remediation costs as a result of the environmental auditors requirements.
5. Engaging community support for achieving agreed service standards for street and beach cleaning	Street and beach cleaning pilot completed and reported to the council	May 07		Achieved. A report was prepared for the May 2007 cycle meeting advising the council of the acceptance levels by residents of the trial area.
	Database of people who wish to be involved in street and beach cleaning pilot established	December 2006		Achieved.
	New beach and street cleaning service contract commences	April 2007		Not Achieved. A new Street and Beach Cleaning contract is being developed between the council and the joint venture (streets ahead) but it is not expected to be signed off until October 2007.
	Percentage who rate appearance and cleanliness of beaches and foreshores as adequate or better	75%	84%	Achieved.
	Percentage who rate appearance of streets as adequate or better	75%	76%	Achieved.

## Council Approval of the Performance Statement

### COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

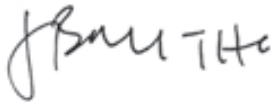
In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2006/2007 financial year is presented fairly in accordance with the *Local Government Act 1989*.

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 2006/2007 financial year.

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

We were authorised by Council on 10 September 2007 to certify the Performance Statement in its final form on behalf of the Council.



JANET BOLITHO  
MAYOR & COUNCILLOR

Dated: 18/9/2007.  
St Kilda



PETER LOGAN  
DEPUTY MAYOR & COUNCILLOR

Dated: 18/9/2007  
St Kilda



DAVID SPOKES  
CHIEF EXECUTIVE OFFICER

Dated: 18/9/2007  
St Kilda





## Independent Audit Report

SECTION



# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDIT REPORT

### City of Port Phillip

#### To the Councillors

##### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2007 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 Responsibility of the Councillors for the Performance Statement*

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

##### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Councillors' 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 Council's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

##### *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. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

##### *Auditor's Opinion*

In my opinion, the performance statement of the City of Port Phillip in respect of the 30 June 2007 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
25 September 2007

  
D.D.R. Pearson  
Auditor-General

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Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

## Victorian Local Government Indicators

The following table outlines the City of Port Phillip's performance against the Victorian Local Government Indicators.

All local governments within Victoria are required to assess their performance against these indicators and report the results in their annual report.

Category	Indicator	Definitions	Our Result 04/05	Our Result 05/06	Our Result 06/07
<i>Overall performance</i>	Community satisfaction rating for overall performance generally of the council	The council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 1), coordinated by the Department for Victorian Communities - Local Government Victoria.	68%	69%	66%
<i>Advocacy</i>	Community satisfaction rating for council's advocacy and community representation on key local issues	The council's result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 4), coordinated by the Department for Victorian Communities - Local Government Victoria.	64%	69%	65%
<i>Engagement</i>	Community satisfaction rating for council's engagement in decision making on key local issues	The council's result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 5) coordinated by the Department for Victorian Communities - Local Government Victoria.	63%	64%	61%
<i>All rates</i>	Average rates and charges per assessment	Rates and charges declared as being receivable, in the calculations for the adopted rates, at the beginning of the year, including: general rates and charges declared under ss.160, 161, 161A of the Local Government Act 1989 municipal charges and service rates and charges (i.e. garbage services) levied under ss.159, 162 respectively. Supplementary rates declared, divided by number of assessments used in the calculation of the adopted rate (ie, when the rate was struck).	\$1,037	\$1,091	\$1,181
<i>Residential rates</i>	Average residential rates and charges per assessment	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "all rates", except for residential assessments only, divided by the number of residential assessments used in the calculation of the adopted rate (that is, when the rate was struck).	\$867	\$953	\$968
<i>Operating costs</i>	Average operating expenditure per assessment	Operating expenditure per the statement of financial performance including asset sales and depreciation, divided by the number of assessments used in the calculation of the adopted rate (ie, when the rate was struck). Note: Where major factors of expenditure such as devaluations or transfers of assets are excluded, councils should provide a note explaining what has been excluded.	\$1,846	\$1,879	\$1,817



Category	Indicator	Definitions	Our Result 04/05	Our Result 05/06	Our Result 06/07
Capital expenditure	Average capital expenditure per assessment	Amount capitalised to the statement of financial position and contributions by a Local Government to major assets not owned by the Local Government, including expenditure on: capital renewal of existing assets which returns the service potential or the life of the asset to that which it had originally; capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users; capital upgrade which upgrades an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally, divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). N.B. Exactly what is included as capital expenditure will vary according to the Local Government's policy in defining the 'asset' and its 'life'.	\$267	\$301	\$527
Infrastructure	Renewal	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally to the long-term AAAC*, divided by useful life, and totalled for each and every infrastructure asset to give one ratio. * The Average Annual Asset Consumption (AAAC) is the amount of a Local Government's asset base consumed during a year based on current replacement cost (that is, cost or fair value).	104%	75%	107%
Infrastructure	Renewal and maintenance	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset to that which it had originally plus current spending on maintenance to AAAC* plus planned maintenance (that is, the expected level of maintenance which was used in the calculation of the useful life of the asset), divided by useful life, and totalled for each and every infrastructure asset to give one ratio.	109%	90%	124%
Debts	Average liabilities per assessment	Total liabilities as per the statement of financial position less items held in trust (reflected in assets also held), divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). N.B. Items held in trust does not include employee leave entitlements such as long service leave.	\$406	\$425	\$421
Operating result	Operating result per assessment	Bottom line per statement of financial performance, divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). A note should be provided to this indicator explaining any major factors including their dollar amount, which have contributed to the result. For example, capital grants, developers contributions, revaluations of non current assets and what the result would be excluding these factors. N.B. Surpluses should be shown as positive and losses or deficits as negatives.	\$94	\$134	\$346

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## Certification of the Victorian Local Government Indicators

In my opinion, the Victorian Local Government Indicators in the accompanying statement are presented fairly, and indicate the council's performance for the period ending 30 June 2007. I confirm that the indicators were calculated in accordance with the definitions as provided by the Local Government Victoria and Community Information Division in July 2004 (Circular 22/04).

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

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



**David Spokes**

Chief Executive Officer

*Date: 24 September 2007*



# 2

## Decision Making & Consultation



### Decision Making

The council's decisions are made through a series of council and committee meetings. The current council/committee structure is explained below. Full details of the council's meeting procedures are outlined in Port Phillip City Council Local Law No. 2/2005. A copy of this local law is available on the council's website at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au), or by contacting ASSIST on (03) 9209 6777 to request a printed copy.

### Council Meetings

Twelve council meetings were held in 2006/2007.

The purpose of council meetings is to:

- > adopt, amend or reject the recommendations from committees and address urgent business, subject to the provisions of the Port Phillip City Council Local Law No. 2/2005, which relates to council meeting procedures.

### Special Council Meetings

Six special council meetings were held in 2006/2007. Special meetings are held as required to consider specific matters.

### Statutory Planning Committee Meetings

Ten Statutory Planning Committee meetings were held in 2006/2007. This committee has been established under Section 86 of the Local Government Act 1989. The council has delegated certain powers to the committee and decisions made under that delegation are effectively decisions of the council. The purposes of Statutory Planning Committee meetings are to:

- > address urban planning issues, including planning applications and planning scheme amendments
- > ensure planning applications are processed within statutory time limits and under appropriate delegations within council policies.

### Strategy and Policy Review Committee Meetings

Eleven Strategy and Policy Review Committee meetings were held in 2006/2007.

The Strategy and Policy Review Committee does not have delegated powers, however it can make recommendations, which are then referred to the council meeting for ratification. The purposes of Strategy and Policy Review Committee meetings are to:

- > set council's strategic direction and develop council policy
- > determine all matters relating to the key result areas of the council plan
- > address major organisational matters, important legal matters, deliberations about the budget and planning scheme amendments
- > receive reports from councillors as delegates on external bodies.

### Committees

As part of its commitment to good governance, quality decision-making and community participation, the City of Port Phillip has a range of committees. To get in touch with a committee please contact ASSIST on 9209 6777.

#### Community Grants Assessment Panel

Assesses applications for community grants.

#### Contemporary Art Acquisition Committee

Provides strategic advice and expertise to the council on policy development and planning of the council's visual art acquisition.

#### Friends of Suai Community Taskforce

Promotes the Friends of Suai (East Timor) program across the Port Phillip community.

#### Indigenous Forum

Established by the 2002 Memorandum of Understanding between the City of Port Phillip and local indigenous communities, the forum provides a formal mechanism allowing council staff and community to inform and contribute to the development and review of council policies, programs and plans of importance to indigenous people.

#### Inner Melbourne Action Plan Implementation Committee

The City of Melbourne, Port Phillip, Stonnington and Yarra have each set up an identically constituted Section 86 special committee under the Local Government Act 1989, to provide a coordinated decision-making process to facilitate the implementation of the Inner Melbourne Action Plan (IMAP) dated January 2006 and as adopted by member councils in December 2005.

#### Multicultural Forum

Brings together representatives of different ethnic community groups and agencies along with some individuals.



### **Neighbourhood Programs Committee**

Discretion to make minor donations and grants to individuals, organisations or community groups.

### **Older Persons Consultative Committee**

Advises on issues affecting the health and wellbeing of older residents in Port Phillip.

### **South Melbourne Market Management Committee**

Oversees the operation of the South Melbourne Market. The committee is a 'special committee' under the Local Government Act 1989.

### **St Kilda's Edge Committee**

Oversees the implementation of the St Kilda's Edge Framework Plan and various sub-projects including budget and stakeholder issues. The St Kilda's Edge Committee is a "special committee" under the Local Government Act 1989 and it has been delegated decision-making powers by the council.

### **The Community Pulse (formerly Sustainable Community Progress Indicators Steering Committee)**

Contributes ideas to the Sustainable Community Progress Indicators (SCPI) project from a range of perspectives and experiences within the council and across the community.

### **The Rupert Bunny Foundation Subcommittee**

Provides strategic advice and expertise to the council and recommendations to the Rupert Bunny Foundation Committee, on the dispersal of Rupert Bunny Funds according to the VCF-RBF Deed of Trust.

### **Urban History Consultative Committee**

Advises the council on policy development and planning of the council's local history and heritage services.

## **Neighbourhood Forums**

Neighbourhood Forums are hosted across the city and provide an important opportunity for people to meet their local councillors, discuss issues, and raise questions with senior council staff and councillors. Presentations by staff on topical local matters are included but a significant purpose of these meetings is for the community to raise issues, express their opinions and ask questions. The forums also aim to foster neighbourhood connectedness, promote active citizenship, and improve the council's responsiveness to issues raised by citizens.

Five forums were held in 2006/2007 in the following neighbourhoods; St Kilda (July 2006), East St Kilda (August 2006), Middle Park / Albert Park / West St Kilda (September 2006), South Melbourne (October 2006), St Kilda Road (November 2006).

## **Consultation Opportunities**

The council's Community Governance Framework promotes active citizenship and seeks to strengthen community participation in the council's decision-making processes to ensure transparent and accountable governance. The council provides information and consults with the community so that the community can understand and influence local government matters.

Whilst time is always tight, the community expects to be consulted prior to the council making important decisions and to have been consulted early enough in the process to enable public debate to occur. During 2006/2007, the council has commenced work to improve the earlier identification and coordination of difficult and complex policy issues to enable effective and adequate consultation with the community.

### **Community Summit Neighbourhood Meetings**

Following the Port Phillip Speaks Community Summit seven neighbourhood meetings were held to follow up ideas for local action and enable residents and traders to continue discussions about neighbourhood issues. The meetings were held at South Melbourne; Port Melbourne; St Kilda/West St Kilda; Elwood/Ripponlea; East St Kilda/Balaclava; Albert Park/Middle Park; St Kilda Road in May 2007.

The format of round table discussions with a lead facilitator was a move away from the older style public meetings and allowed everyone to have a say. Content included an overview of what happened at the summit (process, participant's experiences and priorities as voted), feedback on the draft vision statement for the Community Plan and ideas for action at a neighbourhood level. In total, 243 people participated with an estimated 150 having previously attended the summit. Many action based groups and ideas were developed during the neighbourhood meetings. More information about how the community can get involved in taking action can be found on the council's website at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au).



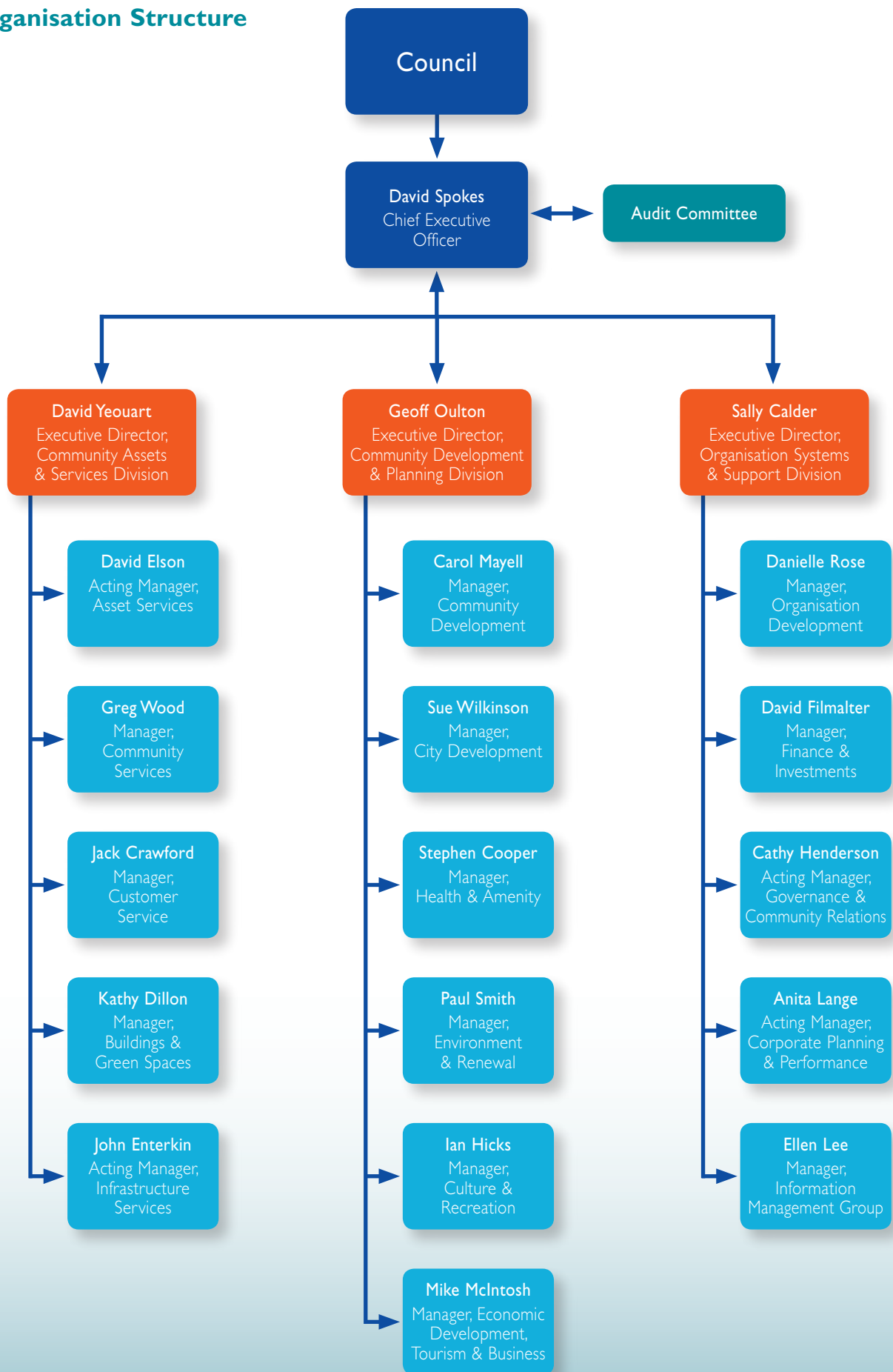
# 3 The Organisation







## Organisation Structure



## The Executive Team

### David Spokes

**Chief Executive Officer**



David Spokes joined Port Phillip in 1995 as a general manager before being appointed Chief Executive Officer in March 2001. His professional experience includes over 22 years in a variety of local government settings in Victoria and New

South Wales. He also worked in community health and ran his own planning consultancy for several years. David has degrees in Arts and Social work from the University of Melbourne, and has completed the Cranlana Foundation Leadership program. He is also a Fellow of the Institute of Public Administration Australia and an associate of the Australian Institute of Company Directors.

### Sally Calder

**Executive Director**

**Organisation Systems & Support**



Sally Calder has been an Executive Director since May 2001 and Executive Director of Organisation Systems & Support since January 2007. Prior to moving into local government, Sally worked for over 10 years in a senior

management role in health in New South Wales, and held a variety of executive roles in primary health care in regional and remote New South Wales. Sally also set up one of the first Skillshare programs for the long-term unemployed in rural New South Wales. Sally has a Masters of Arts and Diploma of Education from the University of Sydney, as well as a Graduate Diploma in Business Administration.

Services in this division:

- > Organisation Development, Finance and Investments, Governance and Community Relations, Corporate Planning and Performance, Information Management.

### Geoff Oulton

**Executive Director**

**Community Development & Planning**



Geoff Oulton has been with the City of Port Phillip since May 1995 and held several management roles. Geoff has been an Executive Director since 1997 and the Executive Director of Community Development &

Planning since January 2007. Geoff has a Bachelor degree in Engineering, a Masters degree in Engineering Science and a Masters of Business Administration. Geoff previously worked in a small consulting firm, the City of Nunawading and the City of Whitehorse in a number of management roles.

Services in this division:

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

### David Yeouart

**Executive Director**

**Community Assets & Services**



David Yeouart is a civil engineer by training and has had extensive experience in the management of infrastructure and environmental services. David has been an Executive Director since 2001 and the Executive Director

of Community Assets & Services since January 2007. He has a long history in local government, both in Australia and the United Kingdom, managing traditional infrastructure services, and managing environmental issues and public assets.

Services in this division:

- > Community Services, Asset Services, Customer Service, Buildings and Green Spaces, Infrastructure Services.



## Leadership and Culture

At the City of Port Phillip, we not only consider “what” we do as important, we also believe “how” we do it is of equal importance. We aspire to model behaviour that encourages open dialogue, is free from blame and allows people to work across the organisation to fulfil individual job requirements. Essential to us are three simple rules:

1. Care for yourself
2. Care for each other, and
3. Care for this place.

These guidelines provide a foundation upon which we can achieve our goals and provide service to our community in a sustainable way.

As an organisation the City of Port Phillip serves a diverse municipality and has worked to develop a unique culture to deliver the organisation’s commitment to our community.

Led by our executive team and management, all staff are encouraged to be leaders, to demonstrate personal judgment and to understand that service delivery, in an ever changing world, is complex and dynamic.

## Supporting and Developing our Employees

### Professional Development and Training

Having an organisation that understands the importance of learning together is our commitment to improve service delivery. It is designed to foster a culture of personal responsibility and innovation.

An organisational training plan has been developed that is innovative and expands on traditional training methods. Our key training strategies are to:

1. raise and improve the profile of training
2. embed training as a cultural norm
3. diversify our training products
4. better utilise our information technology to ensure we capture skills and competency gaps
5. keep training costs within our budget parameters.

Over 170 employees attended one of the 17 internal training sessions conducted in 2006/2007.

## Accredited Training

The organisation delivered a number of accredited training programs through Swinburne University. These included Diploma in Business attended by 12 participants and our Customer Care sessions which are linked to a unit of competency from a Certificate 4 in Business. Over 60 staff have attended this training and obtained a qualification.

### Introduction to the City of Port Phillip – Induction of New Employees

The City of Port Phillip aims to provide new employees with practical support and information. This includes an overview of the structure and general operation of the City of Port Phillip as well as an opportunity to meet other new employees. The City of Port Phillip is also committed to ensuring that all employees understand the organisational values and commitment to service culture and the role each individual employee plays in making this happen.

## Appreciating Diversity

### ‘Respect for Others’

The City of Port Phillip’s equal employment opportunity policy, ‘Respect for Others’, ensures that individuals receive fair and consistent treatment in a work place that is free from harassment, discrimination, bullying and unfair treatment. Our recruitment strategies include considering whether positions may be suitable for candidates that may have a disability.

No discrimination claims were made against the City of Port Phillip in 2006/2007.

### Work and Life Balance

The City of Port Phillip is regarded as an ‘Employer of Choice’ that genuinely values diversity and considers people as its most important asset. Port Phillip provides opportunities for its staff to grow through the Performance Dialogue & Feedback Program and offers a range of initiatives to ensure employees can maintain a healthy balance between work and all of the other elements of life, including:

- > Flexible working arrangements including 48/52 model
- > Education assistance and study leave
- > ‘Wellness’ program
- > A vibrant and active Social Club.



### Health, Safety and Wellbeing

The City of Port Phillip continues to work in partnership with employees to implement and encourage various health, safety and wellbeing initiatives and activities.

#### Wellness Program

The ongoing and innovative Wellness Program aims to improve the general health and wellbeing of our employees. The program has covered a variety of health activities including yoga, lunchtime walking groups, healthy cooking demonstrations, onsite coaching and healthy living and eating tips.

#### Occupational Health and Safety

Each division within the organisation has in place a specific occupational health and safety work plan. These plans continue to build on our committed and effective occupational health and safety program that meets legislative requirements, reduces workplace injury and encourages a safe and healthy workplace.

WorkSafe, the Victorian WorkCover Authority's occupational health and safety arm, continues to audit workplace practices in all local government organisations. In 2006/2007 WorkSafe undertook a number of visits to council departments including our

child care centre's. To date WorkSafe are satisfied with City of Port Phillip's efforts and the Occupational Health & Safety systems we have in place.

#### WorkCover

In 2006/2007, there were 15 standard WorkCover claims, of which 13 are now closed. Our WorkCover premium rate of 1.09% (down from 1.37% last year) is lower than the average local government industry rate of 1.46%. The organisation is committed to providing injured employees with modified or alternative duties to assist in the rehabilitation process. The City of Port Phillip has a dedicated Occupational Health and Safety Consultant who is committed to continuous improvements in this area.

#### Employee Assistance

The wellbeing of our employees is supported through an employee assistance program. This counselling and consulting program is available to all staff and their immediate family members. It is a confidential service that may cover work or personal issues. Feedback from the provider is that 6.5% of employees used the service in 2006/2007. A total of 48 sessions were utilised during this period enabling employees and their families to address work life, morale and productivity issues.





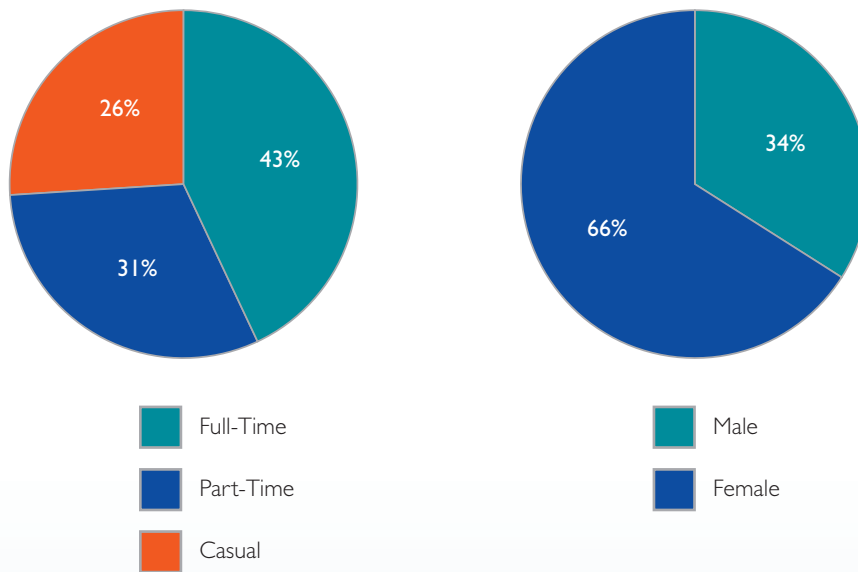
## Staff Profile

The following table outlines the number, classification and types of jobs within the City of Port Phillip organisation, including the numbers of staff of both gender and members of staff in designated groups. These numbers include an actual head count and also an indication of EFT (Equivalent Full Time) employees. Casuals include on-call and/or intermittent staff.

Division	Full-Time		Part-Time		Casual		Total head count	Total EFT
	Male	Female	Male	Female	Male	Female		
Chief Executive Officer's Office	1	2	0	0	0	0	3	<b>3</b>
Community Assets & Services	65	105	30	127	53	146	526	<b>272.15</b>
Community Development & Planning	89	73	40	68	5	23	298	<b>220.18</b>
Organisation Systems & Support	22	37	1	11	1	2	74	<b>66</b>
<b>Total</b>	<b>177</b>	<b>217</b>	<b>71</b>	<b>206</b>	<b>59</b>	<b>171</b>	<b>901</b>	<b>561.33</b>

These figures indicate the people paid in the last normal and off line pay runs for the 2006/2007 financial year

### Staff Breakdown by Status 2006/07





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# Effective Governance





## Effective Service Delivery

The City of Port Phillip has an ongoing continuous improvement program and is currently in the process of introducing a new business planning framework including key performance indicators and other metrics for all areas of the organisation. The City must also comply with several legislative requirements regarding its service delivery.

## Local Government Improvement Incentive Program (LGIIIP)

In November 2002, the Victorian Government introduced the Local Government Improvement Incentive Program (LGIIIP) to regulate the distribution of the national competition policy compliance funding received from the federal government.

Even though the funding from the federal government has now ceased, councils still must comply with the requirements of this program. This includes complying with the requirements of national competition policy and best value provisions and demonstrating ongoing progress in the development and implementation of asset management plans.

To meet these compliance requirements, the City of Port Phillip has:

- > complied with national trade practices legislation that prohibits certain forms of anti-competitive behaviour
- > reviewed its local laws to ensure they do not restrict competition
- > identified its significant businesses and applied competitive neutral pricing where appropriate
- > instituted a program to review all of its services having regard to best value principles, and reported the outcomes of the reviews to its community
- > set infrastructure planning targets to achieve a minimum standard of asset management.

## Best Value

A comprehensive City of Port Phillip 2006/2007 Best Value Annual Report is available at the back of this Annual Report.

## National Competition Policy

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

Government businesses are not subjected to a variety of taxes and imposts paid by private businesses, and therefore have a competitive advantage over private operators. Government businesses are now required to include these taxes and imposts in their pricing structures to negate the public ownership advantages.

Up until 2004/2005 the federal government allocated money annually to each state for compliance with national competition policy, and the states shared this funding with their respective local governments. Even though the federal funding has been discontinued, local governments are still required to comply with national competition policy requirements.

*Certification of Compliance follows.*

## National Competition Policy Compliance – 2006/2007

### Certification by Chief Executive Officer

Port Phillip City Council has complied with the requirements of the Local Government Improvement Incentive Program in respect of:-

- > National Competition Policy (in accordance with National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)); for the financial year 2006/07 as set out below:

<b>National Competition Policy</b>	
<b>A. Trade Practices Compliance</b> State whether the council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.	Compliant
<b>B. Local Laws Compliance</b> State whether the council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.	Compliant
<b>C. Best Value Competitive Neutrality Compliance</b> State whether the council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress.	Compliant for all significant businesses

I certify that:

- a. This statement has been prepared in accordance with the 2006/07 Local Government Improvement Incentive guidelines issued in June 2007 for reporting on the following criterion :- National Competition Policy in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*; and
- b. This statement presents fairly the council’s implementation of the National Competition Policy.

Signed:



**David Spokes**

Chief Executive Officer

Date: 27 August 2007



## Risk Management

Risk management is an essential part of the City of Port Phillip's culture. The organisation is continually implementing strategies to minimise risk.

### Risk Awareness

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

Our risk management policy and risk management strategy are reviewed on a bi-annual basis. The main policy objectives of managing risk are to:

- > ensure that the services provided by the organisation have a high level of integrity
- > safeguard our assets – people, finances and property
- > create a workplace culture where all staff will assume responsibility for managing risk in their day-to-day work activities
- > maintain our capacity to deliver policy objectives and performance in a timely, efficient and effective manner
- > deploy resources and operational capabilities in an efficient and responsible manner
- > ensure the council can appropriately deal with risk
- > demonstrate transparent and responsible risk management processes that align with best practice
- > encourage the identification and reporting of potential risks.

In short, all managers, service providers and employees are responsible for managing risk as part of their daily planning and operational processes.

### Insurance and Risk Reduction

The council's insurance policies provide coverage for the following areas: public liability, products liability and professional indemnity, industrial special risks, motor vehicle, councillors' and officers' liability, personal accident, machinery/computer breakdown and boiler explosion, marine hull, construction works and fidelity guarantee. We are pleased to advise that this year the council has seen a significant reduction of 17% in insurance premiums and contributions.

Increased risk management has assisted council in maintaining or reducing its insurance costs.

The continued challenge is to ensure the council's risk management policy objectives are embraced sufficiently by staff such that risk management becomes an integral part of business planning and everyday business operations.

All council departments have undergone risk identification assessments and established departmental risk management plans. These plans have assisted service areas in addressing risks identified as potential areas of exposure to the council, and enabled them to develop and implement suitable controls that can be integrated into the normal course of operations.

### Annual Liability Assessment Audit

Each year, the council's liability insurer Civic Mutual Plus conducts an independent liability audit to ensure that the council has good risk management practices in place. The council receives a score for this audit, which is used in determining council's premium for the following financial year - a good score may result in significant cost savings ie reduced premiums. The council also receives information regarding its state ranking compared to its peers.

We are happy to report that the City of Port Phillip has achieved a final score of 86% in the 2006/2007 audit. With this score, we finished equal 6th in the Metropolitan group ranking and 17th in the state amongst 78 participating councils.

### Annual Property Audit

The council also undergoes an annual audit of its properties for insurance purposes focussing on overall property risk management. The audit targets those areas with proven losses, such as storm damage & arson. The objective remains to encourage councils to minimise exposures where realistically achievable.

We are happy to report that we were able to achieve a final score of 69% in the 2006/2007 audit, and that the results of both of these audits have contributed toward a reduction in council's insurance premiums.



### Audit Committee and Internal Audit

As part of its duty to fulfill governance obligations to the community, the City of Port Phillip has established an audit committee. The audit committee is an advisory committee of the council and was established in December 1995, nearly eight years before the Victorian Government legislated that all councils must have an audit committee. The council has adopted a charter, terms of reference and documented responsibilities to govern the activities of the audit committee.

In consultation with council management, the audit committee develops an annual internal audit program to address the risks that the organisation may confront. This includes the effective management of financial risks the credibility and objectivity of financial reports and compliance with laws and regulations. The audit program is a dynamic strategy that can be continually developed and realigned to suit the needs of the organisation.

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

#### External representatives:

- > Ray Liggett, Chairperson January 2007 to June 2007 – Mr Liggett is a director of a private consulting and investment company, is chair or member of four council audit committees and has held senior positions in a major national company. He receives \$6,000 per annum for his role as chair of the City of Port Phillip Audit Committee
- > John Warburton, Chairperson July 2006 to December 2006 - Mr Warburton is a member of the Australian Society of Certified Practising Accountants, holds past and present directorships in a range of companies and as director of state government statutory corporations. He is a member of two state government audit committees and chair or member of five council audit committees
- > Graham Lockwood - Mr Lockwood is a retired Certified Practising Accountant and a previous Executive Director and Manager of a range of companies and organisations. He receives \$5,000 per annum for his role on the City of Port Phillip Audit Committee.

#### Internal representatives:

- > Mayor of the City of Port Phillip
- > Executive Director of the Organisation Systems and Support division.

During 2006/2007, the committee met on six occasions. The audit committee and the internal auditor are key elements of the council's system of checks and balances. However, they are not the only elements. All councils are required to be externally audited annually by the Auditor General or his/her representative and the external auditor presents this audit of the accounts to the audit committee.

All councils must comply with the requirements of the Local Government Act 1989 and many other pieces of legislation and are required to provide the Minister for Local Government with detailed reports, including the Annual Report, budget and Council Plan. These measures are in place to ensure that councils are accountable to their stakeholders including residents, ratepayers, business and government.

### Delegation to the Chief Executive Officer

The council makes many decisions by resolution at council meetings. For reasons of administrative and operational efficiency, the council has delegated a range of its powers, duties and functions to the Chief Executive Officer. The council has also empowered the chief executive officer to delegate powers to appropriate members of council staff. A formal register of delegations is available for the public to inspect on request by contacting the City of Port Phillip's ASSIST Centre on (03) 9209 6777 or via email at [assist@portphillip.vic.gov.au](mailto:assist@portphillip.vic.gov.au)

The Chief Executive Officer is also responsible for the day-to-day management of the council's operations including: establishing and maintaining an appropriate organisational structure for the council; appointing, directing, managing and dismissing council staff and all other issues that relate to council staff; ensuring that the decisions of the council are implemented without undue delay; and providing timely advice to the council.

### Councillor Remuneration

The councillors of the City of Port Phillip received an annual allowance of \$18,000 in 2006/2007. The mayor of the City of Port Phillip received an annual allowance of \$57,500 in 2006/2007.





## Freedom of Information

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

Alongside the freedom of information process, the council responds to numerous informal requests for information.

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

SECTION

4

<b>Freedom of Information Statistics</b>				
	2003/2004	2004/2005	2005/2006	2006/2007
Valid Freedom of information applications received	23	23	28	13
Access granted in full	7	4	7	2
Access granted in part	12	14	15	7
Access denied in full	1	1	1	0
Request withdrawn	1	3	2	0
Requests still under consideration at end of the financial year	2	0	1	2
No documentation found	0	3	4	2
Request transferred to another agency	0	0	0	0
Internal reviews sought	0	1	2	1
Appeals lodged with Victorian Civil and Administrative Tribunal	0	0	0	0
Application fees collected	\$420	\$408.50	\$503	\$236.50
Application fees waived	\$40	\$41	\$85	\$43
Charges collected (search and copy charges)	\$80	\$162.20	\$84.20	\$442

*Responsible Officer: Alli Griffin, Team Leader Statutory Functions*

*Principal Officer: David Spokes, Chief Executive Officer*

## Public documents

The following documents are available for public inspection.

### Accounts

- > operating statement
- > statement of financial position
- > notes to the financial statement.

### Other Documents

- > details of current allowances fixed for the Mayor and Councillors
- > details of senior officers' total salary packages for the current financial year and the previous year
- > details of overseas or interstate travel undertaken in an official capacity by councillors or any member of the council's staff in the previous 12 months
- > names of council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted
- > names of councillors who submitted returns of interest during the financial year and the dates the returns were submitted
- > agendas for and minutes of Ordinary and Special Meetings held in the previous 12 months except if the minutes relate to parts of Meetings which have been closed to members of the public
- > a list of all Special Committees established by the council and the purpose for which each committee was established
- > a list of all Special Committees established by the council which were abolished or ceased to function
- > minutes of Meetings of Special Committees established under section 86 of the Act held in the previous 12 months except if the minutes relate to parts of Meetings which have been closed to members of the public
- > a register of Delegations
- > submissions received in accordance with the Local Government Act during the previous 12 months
- > details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the council as lessor or lessee
- > a register of authorised officers
- > a list of Donations and Grants made by the council during the financial year
- > a list of the names of the organisations of which the council was a member during the financial year

- > a list of contracts valued at \$100 000 or more which the council entered into during the financial year without first engaging in a competitive process
- > register of notices calling for a Special Meeting of the council
- > a list of local laws, including any amendments during the financial year
- > applications for enrolment on the voters roll.

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

### Privacy

The Victorian Information Privacy Act 2000 requires that the council follows information privacy principles when collecting, managing and using an individual's personal information.

The council's Information Privacy Policy and Guidelines is a public document available upon request and on the council's website. Information requests, and any questions or complaints regarding people's rights under the privacy legislation and the council's information Privacy Policy, can be discussed with the council's Privacy Officer on 9209 6701.



## Whistleblowers

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

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

disclosures and those who may suffer reprisals in relation to those disclosures. The Act also provides for the matters disclosed to be properly investigated by the Ombudsman or the nominated investigator. The Act applies to all public bodies and public officers, including Councillors and council staff.

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

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

The council has adopted a detailed whistleblowers protection procedures manual and specific guidelines for ASSIST and records management staff. The current procedures established by the City of Port Phillip under Part 6 of the Whistleblowers Protection Act 2001, which relate to the establishment of procedures by public bodies, are available on the council's website at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au)

# 5 Financial Report





## Plain English Guide to the Financial Report

The Annual Report includes General Purpose Financial Reports, Standard Statements and Performance Statement for the Port Phillip City Council for the year ended 30 June 2007. These statements have been prepared in accordance with Australian Accounting Standards, the Local Government Act, Local Government Regulations, and other mandatory reporting requirements.

### Introduction

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

The financial report is a key component of the council's Annual Report. It demonstrates how the council performed financially during the 2006/2007 financial year (Income Statement) and summarises its overall position at the end of the financial year, 30 June 2007 (Balance Sheet).

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

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

### What are Standard Statements?

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

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

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

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

There are four Financial Statements and forty-five notes.

The four Financial Statements are the:

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

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

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

### Income Statement

The Income Statement presents:

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

The key figure to look at is the surplus / (deficit) for the year, which is equivalent to the profit or (loss) of the council for the year.

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

### Balance Sheet

The Balance Sheet is a one page summary, presenting a snapshot of the financial position of the council as

at 30 June. It shows what the council controls as **Assets** and what it owes as **Liabilities**. The ‘bottom line’ of this Statement is the **Net Assets**. This is the net worth of the council, which has been built up over many years.

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

The components of the Balance Sheet are described here.

### **Current and Non-Current Assets**

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

### **Current and Non-Current Liabilities**

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

### **Net Assets**

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

### **Total Equity**

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

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

### **Statement of Changes in Equity**

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

The main reasons for changes in equity stem from:

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

### **Cash Flow Statement**

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

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

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

### **Operating Activities**

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

### **Investing Activities**

- > Relates to payments for, and proceeds from assets such as new capital plant and other long term revenue-producing assets.

### **Financing Activities**

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

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

### **Notes to the accounts**

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

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

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

Other notes include:

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

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

### **Statements by Principal Accounting Officer and Councillors**

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

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

### **Auditor General's Report**

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

### **Financial Performance**

The council reported a surplus of \$20.132 million in 2006/2007 and a surplus of \$7.729 million in 2005/2006.

The major factors that have underpinned the City's financial performance in 2006/2007 are:

#### **Rate revenue**

Rate revenue has increased from \$62.771 million to \$68.732 million.

Included in rate revenue is \$1.466 million derived during the year from supplementary valuation assessments issued as a result of adjusting the property valuations to reflect physical changes made to them. Residential and Commercial rates increased by \$5.029 million from the prior year as a result of new large developments being included in the rates base, including St Kilda Road and Bay Street.

#### **Parking fees and fines**

Income from parking fees and fines has increased by \$1.796 million from \$20.321 million to \$22.117 million. This increase is due to additional income from parking fines and related charges of \$624,000, an increase of \$35,000 in parking permits, and \$1.137 million in ticket machine income. However, revenue from this source has failed to meet budget projections.

#### **Other revenue items** (user charges, grants, contributions, other revenue and interest)

All of the other revenue items included in the council's Income Statement have increased with the exception of grants income which decreased by \$1.485 million due to the discontinuation of the ConnectEd project, as well as decreased federal and state government funding for the Roads to Recovery program and Poet's Grove Family and Children's Centre. This was slightly offset by increases in capital grants for the Woodstock Rooming House. Developer contributions also decreased by \$511,000 due to the completion of major development projects.

Interest income has increased by \$387,000 to \$2.103 million due to extra funds being available to invest as a result of delays in expending the council's capital budget. User charges have increased by \$674,000 due to income being received for the St Kilda festival which was not held in the 2005/2006 financial year.

Statutory fees have increased by \$388,000 due to increases in kerbside permit revenue. Other revenue has increased by \$1.586 million due to \$270,000 being received for sponsorship income for the St Kilda festival, and \$300,000 additional income being received bi-annually from the sale of Property and Valuations data to the State Revenue Office.

Rental income also increased during the financial year by \$649,000 as a result of adjustments to the rental agreement rates early in the financial year to ensure the council was receiving market rental.

### **Employee expenses**

Employee expenses have increased by \$1.981 million in 2006/07 from \$38.881 million to \$40.862 million mainly due to:

- > Increases in salaries (\$507,000) and superannuation contributions (\$214,000) across the organisation, which is in line with salary banding increases and changes in salaried employee officers' remuneration.
- > Increases in annual leave (\$549,000) and long service leave expenses (\$330,000) due to several long term staff members ceasing employment with the council during the financial year, who had significant entitlements.

### **Non-labour operating expenditure**

*(professional services, utility payments, other expenses, and contract payments/materials)*

Non-Labour Operating Expenditure has increased by \$159,000 from \$52.014 million in 2005/2006 to \$52.173 million in 2006/2007.

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

- > External contract payments increased by \$303,000 in this financial year mainly due to the St Kilda Festival (\$471,000), which was not held in the prior financial year. This additional expenditure has been offset by savings in other areas such as Commonwealth Games (\$103,000).
- > Bad and doubtful debts have increased by \$866,000 in this financial year as a result of a change in

the accounting policy in the prior financial year that resulted in large adjustments in prior year's provisions for parking doubtful debts.

- > Materials and consumables have decreased by \$1.700 million mainly as a result of the amount of capital expenditure expensed as an operating cost, declining by \$1.105 million compared to the prior year, and a decrease of \$620,000 in contributions due to the cessation of the ConnectEd project.
- > Professional service fees have increased by \$461,000 in the current financial year mainly as a result of consulting fees incurred relating to the St Kilda Foreshore.

### **Non-current assets**

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

An independent valuation of the council's land, buildings and heritage assets was undertaken during 2006/07, resulting in increased asset valuations. Fair value assessments of the council's roads, footpaths and bridges was also undertaken at 30 June 2007 and resulted in an increased valuation of total assets to bring the value to \$1,660.587 million (2005/06 \$1,438.566 million).

### **Current assets and liabilities**

The council's current assets balance of \$50.745 million is primarily made up of investments in short term deposits (\$36.902 million) and investments in longer dated deposits (\$4.6 million). Also included are current receivables of \$8.632 million which have decreased this year by \$1.655 million as a result of the transfer of Inkerman Oasis Developments balance to building assets as these have now been recognised as property of the council. Also included are \$3.595 million net parking debtors and \$1.54 million due from rates debtors.

The council's current liabilities balance of \$19.729 million has increased by \$3.306 million from the 2005/06 balance of \$16.423 million as a result of



the proposed repayment of one of the council's loans in the 2007/08 financial year, resulting in the entire balance being transferred from non-current to current liabilities.

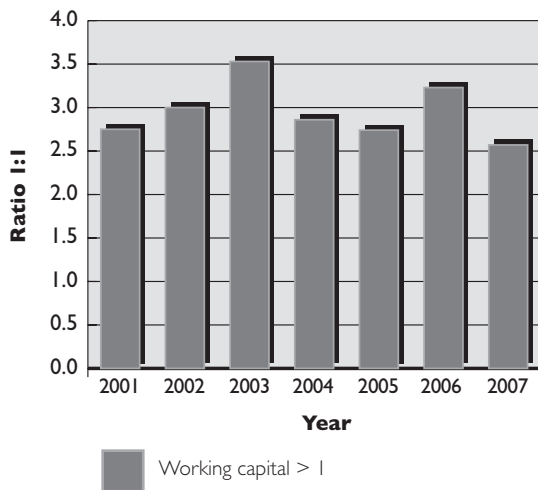
**Non-current liabilities**

The council's non-current liabilities of \$4.707 million consist of provisions (\$897,000) and bank loans (\$8.530 million, of which \$4.720 million has been included in current liabilities, as noted above).

**Key Financial Indicators**

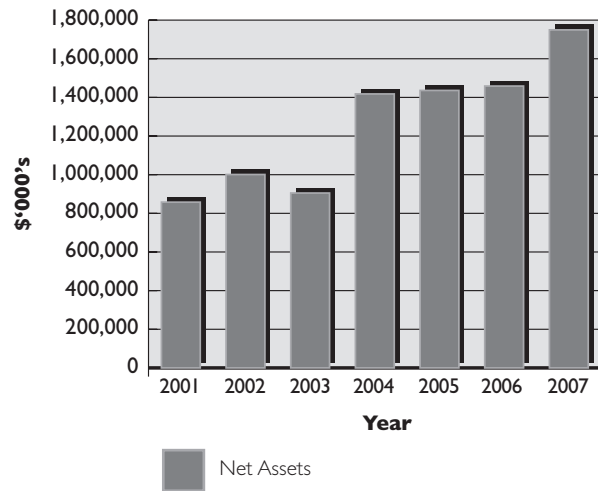
Historical changes in a number of key financial indicators have been summarised in the graphs below. A brief commentary next to each graph highlights the current performance and factors giving rise to changes in the trend of these indicators.

**Working Capital ratio**



The council's short term financial strength or liquidity has shown a sustained improvement over the past five years as the movements in its year end working capital ratio confirm. The standard working capital ratio benchmark is a ratio of 2:1. The current working capital ratio of 2.57:1, indicates that the council has over two times more current (short-term) assets than current (short term) liabilities. The positive long term trend in this ratio is due to a combination of the council's commitment to debt reduction coupled with the delays in the progression of a number of large capital works projects that have received budget funding. The slight drop in the ratio from previous years is due to the council's commitment to repay a bank loan in the 2007/08 financial year.

**Net Assets**

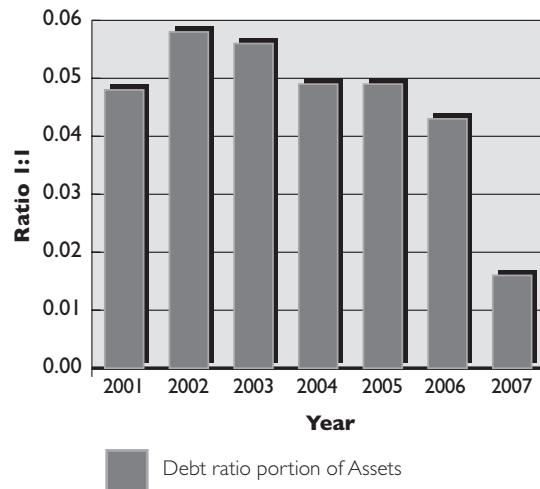


The council's net assets have reflected a stepped growth pattern over the past five years. This is due to the impact of asset revaluations.

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

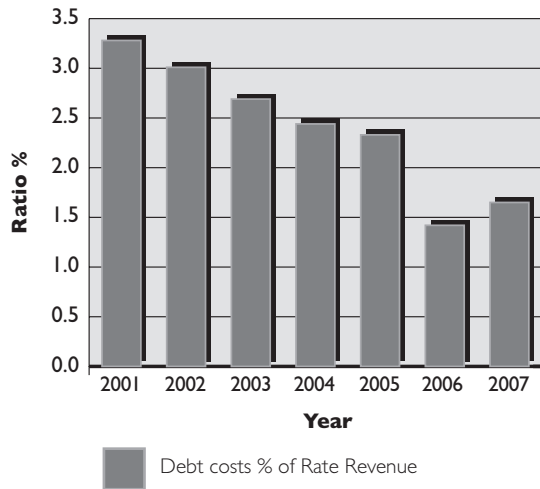
It needs to be noted that the increased net asset value is almost entirely attributable to increased asset revaluations and while cash balances have increased over this period, this has an insignificant impact when measured against the scale of the changed non-current asset valuations.

**Debt Exposure ratio**



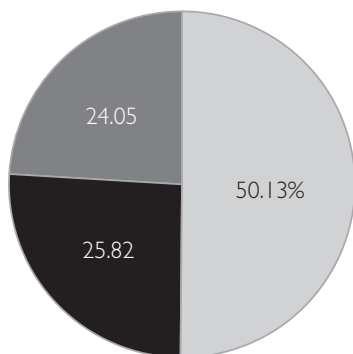
The council's exposure to debts as a proportion of realisable assets has shown a sustained ongoing reduction. This is due to a combination of its debt reduction program and increases in the value of its realisable assets.

**Debt Commitment ratio**



The council's debt commitment ratio, which compares its debt commitment (principal and interest) to its rate revenue, has increased slightly in 2007 due to the repayment of the joint venture interest for the first time.

**Breakdown of Capital Expenditure**



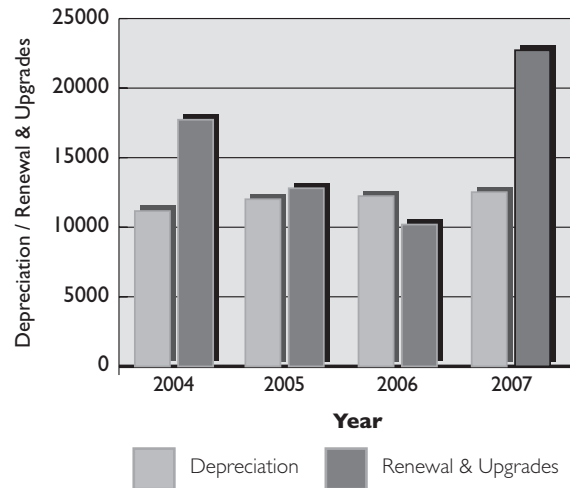
Upgrade      New Assets & Expansion

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

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

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

**Capital Renewal/Upgrades vs Depreciation**



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

## Standard Income Statement for the year ending 30 June 2007

	2007 Budget \$'000	2007 Actual \$'000	Variance \$'000	%	Note
<b>Revenue</b>					
Rates and garbage charge	66,986	68,732	1,746	2.6%	2.1
Operating grants	7,388	8,580	1,192	16.1%	2.2
Capital grants	1,647	1,683	36	2.2%	
Developer contributions	1,415	2,168	753	53.2%	2.3
Interest	1,050	2,103	1,053	100.3%	2.4
User charges and other fines	8,986	9,264	278	3.1%	
Statutory fees	2,527	2,595	68	2.7%	
Parking fees and fines	22,587	22,117	(470)	(2.1%)	2.5
Other revenue	2,774	3,487	713	25.7%	2.6
Rent	5,171	4,969	(202)	(3.9%)	
<b>Total Revenues</b>	<b>120,531</b>	<b>125,698</b>	<b>5,167</b>	<b>4.3%</b>	
<b>Expenses</b>					
Employee benefits	38,697	40,862	(2,165)	(5.6%)	2.7
Materials and consumables	13,240	13,513	(273)	(2.1%)	
External contracts	32,087	27,156	4,931	15.4%	2.8
Bad and doubtful debts	1,447	1,450	(3)	(0.2%)	
Utility payments	2,144	1,839	305	14.2%	2.9
Professional services	3,192	4,143	(951)	(29.8%)	2.10
Borrowing costs	512	554	(42)	(8.2%)	
Depreciation	11,492	12,525	(1,033)	(9.0%)	2.11
Loss on disposal of property, infrastructure, plant and equipment	-	6	(6)	-	
Other expenses	3,257	3,518	(261)	(8.0%)	
<b>Total Expenses</b>	<b>106,068</b>	<b>105,566</b>	<b>502</b>	<b>0.5%</b>	
<b>Surplus for the year</b>	<b>14,463</b>	<b>20,132</b>	<b>5,669</b>	<b>39.2%</b>	

The accompanying notes form part of this standard statement

SECTION

5

Standard Balance Sheet as at 30 June 2007

	2007 Budget \$'000	2007 Actual \$'000	Variance \$'000	%	Note
<b>Current assets</b>					
Cash assets	14,124	36,902	22,778	161.3%	3.1
Other financial assets	-	4,600	4,600	100.0%	3.1
Receivables	9,368	8,632	(736)	(7.9%)	
Accrued income	614	524	(90)	(14.7%)	3.2
Prepayments	1,287	86	(1,201)	(93.3%)	3.3
Assets held for sale	-	1,642	1,642	100.0%	3.4
<b>Total current assets</b>	<b>25,393</b>	<b>52,386</b>	<b>26,993</b>	<b>106.3%</b>	
<b>Non-current assets</b>					
Other financial assets	5	5	-	0.0%	
Receivables	2,617	2	(2,615)	(99.9%)	3.5
Property, infrastructure, plant and equipment	1,454,039	1,660,587	206,548	14.2%	3.6
<b>Total non-current assets</b>	<b>1,456,661</b>	<b>1,660,594</b>	<b>203,933</b>	<b>14.0%</b>	
<b>Total assets</b>	<b>1,482,054</b>	<b>1,712,980</b>	<b>230,926</b>	<b>15.6%</b>	
<b>Current liabilities</b>					
Payables	6,212	6,977	765	12.3%	3.7
Trust funds	471	863	392	83.2%	3.8
Provisions	3,164	7,169	4,005	126.6%	3.9
Interest-bearing liabilities	917	4,720	3,803	414.7%	3.10
<b>Total current liabilities</b>	<b>10,764</b>	<b>19,729</b>	<b>8,965</b>	<b>83.3%</b>	
<b>Non-current liabilities</b>					
Provisions	4,092	897	(3,195)	(78.1%)	3.11
Interest-bearing liabilities	6,852	3,810	(3,042)	(44.4%)	3.12
<b>Total non-current liabilities</b>	<b>10,944</b>	<b>4,707</b>	<b>(6,237)</b>	<b>(57.0%)</b>	
<b>Total liabilities</b>	<b>21,708</b>	<b>24,436</b>	<b>2,728</b>	<b>12.6%</b>	
<b>Net assets</b>	<b>1,460,346</b>	<b>1,688,544</b>	<b>228,198</b>	<b>15.6%</b>	
<b>Equity</b>					
Accumulated surplus	579,219	577,983	(1,236)	(0.2%)	
Asset revaluation reserves	876,545	1,094,818	218,273	24.9%	3.13
Other reserves	4,582	15,743	11,161	243.6%	3.14
<b>Total equity</b>	<b>1,460,346</b>	<b>1,688,544</b>	<b>228,198</b>	<b>15.6%</b>	

The accompanying notes form part of this standard statement



## Standard Cash Flow Statement for the year ending 30 June 2007

	2007 Budget \$'000	2007 Actual \$'000	Variance \$'000	%	Note
<b>Cash flows from operating activities</b>					
Receipts from customers	66,986	68,864	1,878	2.8%	
Payments to suppliers (inclusive of GST)	(42,164)	(36,243)	(5,921)	-14.0%	4.1
<b>Net cash inflow / (outflow) from customers/suppliers</b>	<b>24,822</b>	<b>32,621</b>	<b>(4,043)</b>	<b>-16.3%</b>	
Parking fees and fines	22,236	22,234	(2)	0.0%	
Government grants (inclusive of GST)	7,288	8,890	1,602	22.0%	4.2
Contributions	1,415	2,028	613	43.3%	4.3
Capital Grants	1,647	1,683	36	2.2%	
Interest received	1,050	2,395	1,345	128.1%	4.4
Other receipts (inclusive of GST)	21,357	22,110	753	3.5%	
Net GST refund	2,386	4,240	1,854	77.7%	4.5
Payments to employees	(38,697)	(40,313)	1,616	4.2%	4.6
Borrowing costs	(512)	(554)	42	8.2%	
Other payments	(21,596)	(19,406)	(2,190)	-10.1%	
<b>Net cash inflow from operating activities</b>	<b>21,396</b>	<b>35,928</b>	<b>14,532</b>	<b>67.9%</b>	
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment	-	4	4	100.0%	
Payments for property, infrastructure, plant and equipment	(34,318)	(30,599)	(3,719)	-10.8%	4.7
Proceeds from other financial assets	-	3,900	3,900	100.0%	4.8
<b>Net cash (outflow) from investing activities</b>	<b>(34,318)</b>	<b>(26,695)</b>	<b>7,623</b>	<b>-22.2%</b>	
<b>Cash flows from financing activities</b>					
Repayment of borrowings	(863)	(863)	-	0.0%	
<b>Net cash (outflow) from financing activities</b>	<b>(863)</b>	<b>(863)</b>	<b>-</b>	<b>0.0%</b>	
<b>Net increase / (decrease) in cash held</b>	<b>(13,785)</b>	<b>8,370</b>	<b>(22,155)</b>	<b>160.7%</b>	
Cash at the beginning of the financial year	27,909	28,532	(623)	-2.2%	
<i>Cash at the end of the financial year</i>	<i>14,124</i>	<i>36,902</i>	<i>(22,778)</i>	<i>-161.3%</i>	
<b>Reconciliation of Operating Result and Net Cash Flows</b>					
Net surplus from operations	14,463	20,132	(5,669)		
Depreciation	11,492	12,525	(1,033)		
Loss on disposal of property, infrastructure, plant and equipment	-	6	(6)		
Net movement in current assets and liabilities	(4,559)	3,265	(7,824)		
<b>Net cash inflows from operating activities</b>	<b>21,396</b>	<b>35,928</b>	<b>(14,532)</b>		

SECTION

5

The accompanying notes form part of this standard statement

**Standard Statement of Capital Works** for the year ending 30 June 2007

	2007 Budget \$'000	2007 Actual \$'000	Variance \$'000	%	Note
<b>Capital Works Areas</b>					
Roads, footpaths and bridges	5,870	4,171	(1,699)	-28.9%	5.1
Drainage	1,000	144	(856)	-85.6%	5.2
Buildings	13,254	20,831	7,577	57.2%	5.3
Land improvements	6,097	3,501	(2,596)	-42.6%	5.4
Plant and equipment	1,741	1,092	(649)	-37.3%	5.5
Furniture and fittings		897	897	100.0%	
Heritage assets and works of art	-	-	-	-	
<b>Total capital works</b>	<b>27,962</b>	<b>30,636</b>	<b>2,674</b>	<b>9.6%</b>	
<b>Represented by:</b>					
Renewal	12,173	7,368	(4,805)	-39.5%	5.6
Upgrade	11,122	15,356	4,234	38.1%	5.7
New Assets	4,667	7,912	3,245	69.5%	5.8
<b>Total capital works</b>	<b>27,962</b>	<b>30,636</b>	<b>2,674</b>	<b>9.6%</b>	

	2007 Budget \$'000	2007 Actual \$'000	Variance \$'000
<b>Property, Infrastructure, Plant and Equipment movement reconciliation worksheet</b>			
The movement between the previous year and current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:			
Total capital works	27,962	30,636	2,674
Asset revaluation movement	-	205,598	205,598
Depreciation and amortisation	(11,492)	(12,525)	(1,033)
Written down value of assets disposed	-	(10)	(10)
WIP write off to operating	-	(477)	(477)
Joint venture assets consolidated	-	441	441
Assets held for sale	-	(1,642)	(1,642)
<b>Net movement in property, infrastructure, plant and equipment</b>	<b>16,470</b>	<b>222,021</b>	<b>205,551</b>

The accompanying notes form part of this standard statement

## Notes to the Standard Statement for the year ending 30 June 2007

### 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 2006/2007 Budget. The results reported in these Statements are consistent with those reported in the General Purpose Financial Report.

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

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

The budget figures included in the Standard Statements are those adopted by the Council on 15 June 2006. 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.

**Notes to the Standard Statement** for the year ending 30 June 2007

**Standard Income Statement  
for the year ending 30 June 2007**

**Note 2 Variance Explanation Report**

Ref.	Item	Explanation
2.1	Rates and garbage charge	Additional income of \$1.746M due to receipt of interest on overdue rates \$385K and additional supplementary rates \$1.466M.
2.2	Operating grants	Additional income of \$1.192M received during the year as a result of unbudgeted grants including: - Children's Services \$162K - Department of Human Services \$72K - Grants Commission \$100K - Recycling \$57K - Sustainable Transport \$57K - Community Care \$94K and - Community Summit \$57K.
2.3	Developer contributions	\$753K additional income received throughout the year as a result of the receipt of a number of large developer contributions for major property developments.
2.4	Interest	Interest income of \$1.053M more than budget due to extra funds being available for investments.
2.5	Parking fees and fines	Parking fees and fine income is \$470K less than budget projections due to the write off for Perin Court income early in the financial year. This was offset by additional ticket machine income and visitor permits being issued due to extended good weather.
2.6	Other revenue	Additional Income of \$713K is mainly due to unbudgeted income associated with planning approvals for Station Pier for local area development. Other favourable variances include reimbursement of insurance monies paid to Port Phillip Housing Association, unbudgeted income for Bus Stop Funding Agreement and Sale of Right of Ways.
2.7	Employee benefits	Additional expenditure of \$2.165M is due to consolidation of the Streetsahead joint venture project.
2.8	External contracts	Underexpenditure of \$4.931M is attributable to: - The unbudgeted year end adjustment to incorporate the consolidation of the Streetsahead joint venture project. - Savings on the Building & Green Services, Vic Roads, FRH and Building Contracts.
2.9	Utility payments	A saving of \$305K is attributable to- -Building services saving on water expenditure \$71K due to lower water consumption as parks and landscaped areas were not watered as a result of water restrictions. - Public lighting expenses lower than budget expectations by \$219K as a result of replacement lighting not being required during the financial year.
2.10	Professional services	Additional expenditure of \$951K is attributable to consulting fees relating to the St Kilda's Foreshore project \$522K, as well as Corporate Planning and Performance \$127K, Landscape and Urban planning \$135K and Community Planning \$57K.
2.11	Depreciation	Additional depreciation charge is mainly due to road revaluation at 30 June 2006 which was not accounted for in the 2006/2007 budget adopted in June 2006.



## Notes to the Standard Statement for the year ending 30 June 2007

### Explanation of material variances continued

#### Standard Balance Sheet as at 30 June 2007

#### Note 3 Variance Explanation Report

Ref.	Item	Explanation
3.1	Cash assets and Other financial assets	All investments were budgeted as cash assets. The overall variance of \$27.378M is due to the delay in expending the capital works program that is planned for completion during 2007/08.
3.2	Accrued income	The decrease of \$90K is due to all ticket machine income received as cash prior to 30 June 2007 and therefore no accrual was required.
3.3	Prepayments	The decrease of \$1.201M is due to the timing of insurance premium invoices not paid until July 2007.
3.4	Assets held for sale	Council is holding the property of 2 Princes Street for sale which was not accounted for when the 2006-07 budget was adopted in June 2006.
3.5	Receivables - Non-current	A decrease of \$2.615M is due to the Inkerman Oasis debtor (\$2.75M) being transferred to Receivables - Current in 2006-07 which was not accounted for when the 2006-07 budget was adopted in June 2006.
3.6	Property, infrastructure, plant and equipment	The increase of \$267M is due to the revaluation increments and assets recognised for the first time during the financial year that were not accounted for when the 2006-07 budget was adopted in June 2006. The adjustments were as follows: - Land \$147M - Buildings \$31M - Arts and heritage \$1.765M - Roads, Footpaths and Kerb and Channel \$25.7M
3.7	Payables	The variance is due to increased accounts payable commitments at year end.
3.8	Trust funds	The increase of \$392K is due to Asset Protection Deposits which were not accounted for when the 2006-07 budget was adopted in June 2006.
3.9	Provisions - Current	The increase of \$4.005M is due to the introduction of revised reporting standards (AEIFRS) which changed Council's measurement and disclosure requirements in regards to Employee Benefits which was not accounted for when the 2006-07 budget was adopted in June 2006. The increase also reflects the change in Council's Enterprise Bargaining Agreement (EBA) that now entitles employees to pro-rata long service leave after 7 years of service (previously 10 years).
3.10	Interest bearing liabilities - Current	The increase of \$3.803M is reflective of Council's recent decision to make an early payout of one of two loans in 2007-08 which was not accounted for when the 2006-07 budget was adopted in June 2006.
3.11	Provisions - Non-current	The decrease of \$3.195 is due to the introduction of revised reporting standards (AEIFRS) which changed Council's measurement and reporting requirements in regards to Employee Benefits which was not accounted for when the 2006/07 budget was adopted in June 2006. The decrease also reflects the change in Council's Enterprise Bargaining Agreement (EBA) that now entitles employees to pro-rata long service leave after 7 years of service (previously 10 years).
3.12	Interest bearing liabilities - Non-current	The decrease of \$3.042M is reflective of Council's recent decision to make an early payout of one of two loans in 2007-08 which was not accounted for when the 2006-07 budget was adopted in June 2006.
3.13	Asset revaluation reserves	The increase of \$218.3M is due to asset revaluations being undertaken for land, buildings, roads, footpaths, kerb & channel and arts and heritage assets during 2006-07 which was not accounted for when the 2006-07 budget was adopted in June 2006.
3.14	Other reserves	The increase of \$11.161M is due to delays in drawing down Council reserves for major projects including: - Gasworks remediation \$3M - Southport Nursing Home \$3M and - St Kilda Town Hall Accommodation \$1.5M

**Notes to the Standard Statement** for the year ending 30 June 2007

**Explanation of material variances continued**

**Standard Cash Flow Statement  
for the year ending 30 June 2007**

**Note 4 Variance Explanation Report**

<b>Ref.</b>	<b>Item</b>	<b>Explanation</b>
4.1	Payments to suppliers (inclusive of GST)	The increase of \$5.921M is largely due to accrued expenditure at balance date which was not paid until July 2007.
4.2	Government grants (inclusive of GST)	The increase of \$1.602M is attributable to additional grants for new and existing projects received during the year.
4.3	Contributions	\$613K additional income received throughout the year as a result of the receipt of a number of large developer contributions for major property developments.
4.4	Interest received	The increase of \$1.345M is due to an increase in surplus funds available for investment as a result of delays in expending Council's capital program.
4.5	Net GST refund	The increase of \$1.854M is attributable to the timing of payments for Council's capital program over the last two financial years.
4.6	Payments to employees	The increase of \$1.616M is related to the consolidation of the Streetsahead joint venture which includes payments to the employees of Streetsahead which was not accounted for in the 2006/2007 budget as adopted in June 2006.
4.7	Payments for property, infrastructure, plant and equipment	The decrease of \$3.719M is attributable to the delays in expenditure for Council's capital works program.
4.8	Proceeds from other financial assets	The increase of \$3.900M is attributable to the 2006/2007 budget not reflecting change in Council's investment balances and cash at hand, but reflecting Council's overall cash position as a whole.

## Notes to the Standard Statement for the year ending 30 June 2007

### Explanation of material variances continued

#### Standard Statement of Capital Works For the year ending 30 June 2007

#### Note 5 Variance Explanation Report

Ref.	Item	Explanation
5.1	Roads, footpaths and bridges	Underexpenditure of \$1.699M due to delays in expending the proposed capital budget during the financial year as a result of severe shortages of labour and contractors.
5.2	Drainage	Underexpenditure of \$856K due to the 2006/07 budget not reflecting the level of drainage works and projects required. Major works were performed in prior financial years therefore there are less drainage works in the current capital program.
5.3	Buildings	Exceed budget by \$7.577M due to new buildings being identified including the recognition of Inkerman Oasis apartments and the timing of significant expenditure on the St Kilda Town Hall project.
5.4	Land improvements	Underexpenditure of \$2.596M due to delays in expending the capital budget during the financial year as a result of severe shortages of labour and contractors.
5.5	Plant and equipment	The 2006/07 budget figures do not account for the split between plant and equipment; furniture and fittings and heritage assets. Overall variance exceeds budget by \$246K due to the purchase of new motor vehicles, library books and parking ticket machines.
5.6	Renewal	Underexpenditure of \$4.8M due to the 2006/07 budgeted split between renewal and upgrade incorrectly classifying works at the St Kilda Town Hall as renewals, however the works are considered upgrades.
5.7	Upgrade	Exceed budget by \$4.2M, which offsets Renewal expenditure due to the split between renewal and upgrade works on the St Kilda Town Hall project.
5.8	New Assets	Exceed budget by \$3.2M largely due to new building assets being identified for Inkerman Oasis where the title was transferred to Council for housing units under agreement with the developer for the sale of land.

Certification of the Standard Statement

Certification of the Standard Statements

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



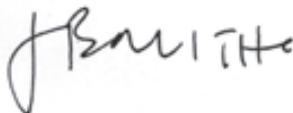
DAVID FILMALTER MBL CA  
PRINCIPAL ACCOUNTING OFFICER

Date: 18/9/2007  
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 10 September 2007 to certify the standard statements in their final form on behalf of the Council.



JANET BOLITHO  
MAYOR & COUNCILLOR

Date: 18/09/2007  
St Kilda



PETER LOGAN  
DEPUTY MAYOR & COUNCILLOR

Date: 18/9/2007  
St Kilda



DAVID SPOKES  
CHIEF EXECUTIVE OFFICER

Date: 18/9/2007  
St Kilda

## Financial Statements

### FINANCIAL REPORT

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**Income Statement** for the year ended 30 June 2007

	<b>Note</b>	<b>2007</b>	<b>2006</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Rates and garbage charge	2	68,732	62,771
Parking fees and fines	3	22,117	20,321
User charges and other fines	4	9,264	8,590
Statutory fees	5	2,595	2,257
Grants	6	10,263	11,744
Contributions	7	2,168	2,679
Other revenue	8	3,487	1,901
Interest		2,103	1,716
Rent		4,969	4,320
<b>Total Revenue</b>		<b>125,698</b>	<b>116,299</b>
<b>Expenses</b>			
Employee benefits	10	40,862	38,881
External contracts	11	27,156	26,853
Materials and consumables	12	13,513	15,213
Bad and doubtful debts	13	1,450	584
Depreciation	14	12,525	12,240
Professional services		4,143	3,682
Utility payments		1,839	2,034
Other expenses	15	3,518	3,094
Borrowing costs	16	554	554
<b>Total Expenses</b>		<b>105,560</b>	<b>103,135</b>
Loss on disposal of property, infrastructure, plant and equipment	9	6	5,435
<b>Surplus for the year</b>		<b>20,132</b>	<b>7,729</b>

The accompanying notes form part of this financial report

## Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	36,902	28,532
Other financial assets	18	4,600	8,500
Receivables	19	8,632	10,287
Accrued income		524	817
Prepayments	20	86	652
Assets held for sale	21	1,642	-
<b>Total current assets</b>		<b>52,386</b>	<b>48,788</b>
<b>Non-current assets</b>			
Other financial assets		5	5
Receivables	19	2	2
Property, infrastructure, plant and equipment	22	1,660,587	1,438,566
<b>Total non-current assets</b>		<b>1,660,594</b>	<b>1,438,573</b>
<b>Total assets</b>		<b>1,712,980</b>	<b>1,487,361</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	23	6,977	7,192
Trust funds and deposits	24	863	591
Provisions	25	7,169	6,360
Interest-bearing liabilities	26	4,720	983
<b>Total current liabilities</b>		<b>19,729</b>	<b>15,126</b>
<b>Non-current liabilities</b>			
Provisions	25	897	1,297
Interest-bearing liabilities	26	3,810	8,124
<b>Total non-current liabilities</b>		<b>4,707</b>	<b>9,421</b>
<b>Total liabilities</b>		<b>24,436</b>	<b>24,547</b>
<b>Net Assets</b>		<b>1,688,544</b>	<b>1,462,814</b>
<b>Equity</b>			
Accumulated surplus		577,983	559,993
Reserves	28	1,110,561	902,821
<b>Total Equity</b>		<b>1,688,544</b>	<b>1,462,814</b>

The accompanying notes form part of this financial report

**Statement of Changes in Equity** for the year ending 30 June 2007

2007	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
		2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Balance at beginning of the financial year		1,462,814	559,993	889,220	13,601
Surplus for the year		20,132	20,132	-	-
Net asset revaluation increment/(decrement)	28(a)	205,598	-	205,598	-
Transfers to Other reserves	28(b)	-	(11,719)	-	11,719
Transfers from Other reserves	28(b)	-	9,577	-	(9,577)
<b>Balance at end of the financial year</b>		<b>1,688,544</b>	<b>577,983</b>	<b>1,094,818</b>	<b>15,743</b>

2006	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
		2006 \$'000	2006 \$'000	2006 \$'000	2006 \$'000
Balance at beginning of the financial year		1,433,877	542,718	876,545	14,614
Correction of error - assets recognised for the first time	27	8,534	8,534	-	-
Surplus for the year		7,728	7,728	-	-
Net asset revaluation increment/(decrement)	28(a)	12,675	-	12,675	-
Transfers to Other reserves	28(b)	-	(9,495)	-	9,495
Transfers from Other reserves	28(b)	-	10,508	-	(10,508)
<b>Balance at end of the financial year</b>		<b>1,462,814</b>	<b>559,993</b>	<b>889,220</b>	<b>13,601</b>

The accompanying notes form part of this financial report

## Cash Flow Statement for the year ended 30 June 2007

	Note	2007 Inflows/ (Outflows) \$'000	2006 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and garbage charges		68,864	62,771
Parking fees and fines		22,234	20,309
User charges and other fines (inclusive of GST)		12,703	11,261
Grants (inclusive of GST)		10,573	12,102
Contributions		2,028	2,679
Interest		2,395	1,463
Rents (inclusive of GST)		5,616	4,320
Other receipts (inclusive of GST)		3,791	2,301
Net GST refund		4,240	3,122
Payments to suppliers (inclusive of GST)		(36,243)	(34,430)
Payments to employees (including redundancies)		(40,313)	(38,480)
Borrowing costs		(554)	(554)
Other payments		(19,406)	(19,446)
<b>Net cash provided by operating activities</b>	29	<b>35,928</b>	<b>27,418</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(30,599)	(17,938)
Proceeds from sale of property, infrastructure, plant and equipment		4	454
Proceeds from sale of other financial assets		3,900	-
Payments for other financial assets		-	(1,500)
<b>Net cash (used in) investing activities</b>		<b>(26,695)</b>	<b>(18,984)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing liabilities		(863)	(811)
<b>Net cash (used in) financing activities</b>		<b>(863)</b>	<b>(811)</b>
Net increase in cash and cash equivalents		8,370	7,623
Cash and cash equivalents at the beginning of the financial year		28,532	20,909
<b>Cash and cash equivalents at the end of the financial year</b>	30	<b>36,902</b>	<b>28,532</b>
<b>Financing arrangements</b>	31		
<b>Restrictions on cash assets</b>	32		
<b>Non-cash financing and investing activities in the year</b>	26		

The accompanying notes form part of this financial report

SECTION

5

## Notes to the Financial Report for the year ended 30 June 2007

### Introduction

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

The purpose of Council is to:

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

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

### Note 1 Significant accounting policies

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#### (a) Basis of accounting

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

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

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

All entities controlled by Council that have material assets or liabilities have been included in this financial report. All transactions between these entities and the Council have been eliminated in full.



## Notes to the Financial Report for the year ended 30 June 2007

### Note 1 Significant accounting policies (cont)

#### (b) Change in accounting policies

The following Australian Accounting Standards and/or Interpretations have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2005-10: Amendments to Australian Accounting Standards	<p>AASB 1 First time adoption of AIFRS</p> <p>AASB 101 Presentation of Financial Statements</p> <p>AASB 117 Leases</p> <p>AASB 139 Financial Instruments: Recognition and Measurement</p>	The disclosure requirements of AASB 132: Financial Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1/1/07	1/7/07
AASB 7 Financial Instruments: Disclosures	AASB 132 Financial Instruments: Disclosure and Presentation	As above.	1/1/07	1/7/07
AASB 2006-3: Amendments to Australian Accounting Standards	<p>AAS 27 Financial Reporting by Local Governments</p> <p>AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A</p>	From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet. The impact of any changes that may be required when the transitional provisions cease cannot be reliably estimated and is not disclosed in the financial report.	October 2006	1/7/08

Notes to the Financial Report for the year ended 30 June 2007

**Note 1 Significant accounting policies (cont.)**

**c) Error**

***Provision for Doubtful Debts - Parking PINS (Parking Infringement Notices)***

A review of the collectibility of the parking debtors was undertaken as at 30 June 2007 to determine whether the Provision for Doubtful Debts - Parking estimate was accurate. As a result of more accurate information, it was identified that the Provision for Doubtful Debts - Parking balances as at 30 June 2006 was inaccurate. The impact of this review in respect of the 30 June 2006 Provision for Doubtful Debt - Parking balances is detailed below.

At 30 June 2006, the rate determined to apply to calculate the provision was 38%. A review of this rate undertaken during 2006-07 found that this provision was inaccurate as at 30 June 2006 and instead a provision based on the rate of 12% should have been used. Therefore, the error required an adjustment of \$611,952 increase to profit during the 2006/07 financial year. Further review as at 30 June 2007 has determined that the rate to apply to calculate this provision should be 13%.

	<b>2006</b>
2005-06 PINS doubtful debts provision - based on rate of 38% (relates to Note 19)	930,166
2005-06 Adjusted PINS Provision for doubtful debts - based on rate 12%	318,214
Adjustment taken as a credit to Bad & Doubtful Debts Expense in 2006-07 (Note 13)	(611,952)

**(d) Revenue recognition**

*Rates, grants and contributions*

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

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

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

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 revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed 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.

*Interest and rents*

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

## Notes to the Financial Report for the year ended 30 June 2007

### Note 1 Significant accounting policies (cont.)

#### (e) Depreciation and amortisation of non-current assets

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

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

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

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

ASSET TYPE	PERIOD
<b>Land and buildings</b>	
Buildings	100 years
Land improvements	10 - 100 years
<b>Plant and equipment</b>	
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
<b>Infrastructure</b>	
Roads	
- Substructure	100 years
- Seal	
- Asphalt	18 years
- Spray	12 years
Footpaths	40 - 50 years
Kerb and channel	50 years
Drains	50 - 100 years
Bridges	
- Substructure	40 - 80 years
- Deck	20 - 80 years
Lanes (Right of Ways)	18 - 100 years
<b>Heritage assets and works of art</b>	
Heritage assets	100 years
Works of Art	100 years

#### (f) 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.

Notes to the Financial Report for the year ended 30 June 2007

**Note 1 Significant accounting policies (cont.)**

**(g) 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.

**(h) Recognition and measurement of assets**

*Acquisition*

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

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

The following classes of assets have been recognised in Note 22. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

ASSET CLASS	THRESHOLD LIMIT
<b>Land and buildings</b>	
Land	All
Buildings	\$5,000
Land improvements	\$5,000
<b>Plant and equipment</b>	
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
<b>Infrastructure</b>	
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
<b>Heritage assets and works of art</b>	
Heritage assets	All
Works of Art	All

**Note 1 Significant accounting policies (cont.)**

**(h) Recognition and measurement of assets (cont.)**

*Revaluation*

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

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

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

*Impairment of assets*

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

*Land under roads*

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 *Land under Roads*, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2009.

**(i) 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.

**(j) Other financial assets**

Other financial assets are held to maturity and measured at cost.

**(k) Community Housing Agreements**

During the year Council had interest in 14 properties (2005/2006: 15), 10 of which are Council owned (2005/2006: 12), two part-owned with the State Government's Office of Housing (no change from 2005/2006) and two wholly owned by the Office of Housing (2005/2006: 1). These assets are included as part of Land and Buildings in Note 22 and are subject to joint venture agreements with the Office of Housing.

At 30 June 2007 Council had commenced the process of transferring its community housing assets to the Port Phillip Housing Trust in accordance with a restructure of the Port Phillip Housing Program ('Housing Program Sustainability Project') as resolved by Council. Please refer to Note 32 '*Restricted Assets*' and Note 45 '*Events occurring after balance date*' for further information.



## Notes to the Financial Report for the year ended 30 June 2007

**Note 1 Significant accounting policies (cont.)****(l) Tender deposits**

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

**(m) 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 include annual leave, long service leave and retirement gratuities. No provision has been made for sick leave as sick leave is non-vesting and the average sick leave taken in future years by Council employees is estimated to be less than the annual entitlement for sick leave.

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

*Classification as current and non-current*

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

*Wages and salaries*

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

*Annual leave*

All annual leave is deemed to be current. Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid with reference to estimated settlement of the leave as at 30 June 2007 taking into account attrition rates, pay increases through promotion and certified agreements and increments.

*Long service leave*

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

*Retirement gratuities*

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

*Superannuation*

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in Note 33.

**(n) Leases***Operating leases*

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

*Finance leases*

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

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## Notes to the Financial Report for the year ended 30 June 2007

### Note 1 Significant accounting policies (cont.)

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**(o) 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.

**(p) Web Site costs**

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

**(q) 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.

**(r) Rounding**

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

**Notes to the Financial Report** for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 2</b>		
<b>Rates and garbage charge</b>		
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 2006/2007 was \$1,424 million (2005/2006 was \$1,397 million). The 2006/2007 rate in the NAV dollar was 4.7026 cents (2005/2006: 4.4626 cents ).		
Residential	49,628	46,204
Commercial	14,118	12,512
Industrial	2,961	3,047
Supplementary rates and rate adjustments	1,466	432
Garbage bin charge	174	164
Interest on rates	385	412
	<b>68,732</b>	<b>62,771</b>
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2006 and this valuation was applied to the rating period commencing 1 July 2006.		
The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2008 and the valuation will be applied in the rating year commencing 1 July 2008.		
<b>Note 3</b>		
<b>Parking fees and fines</b>		
Parking fines and other charges	11,467	10,843
Parking fees - ticket machines	9,594	8,457
Parking permits	1,056	1,021
	<b>22,117</b>	<b>20,321</b>
<b>Note 4</b>		
<b>User charges and other fines</b>		
Aged services	1,386	1,320
Animal management services	290	305
Arts and Festivals	375	73
Building services	541	540
Child care/Children's Services and Programs	2,832	3,094
Derelict Vehicles	269	283
Fines and cost recoveries	107	139
Market fees	249	238
Planning fees	1,341	1,252
Re-instatement works	361	555
Services fees and charges	255	311
Waste management	388	354
Other fees and charges	438	126
Planning and Development	15	-
Parking administration fees	417	-
	<b>9,264</b>	<b>8,590</b>
<b>Note 5</b>		
<b>Statutory fees</b>		
Crane permit fees	203	208
Health and food act fees	157	539
Kerbside permits	2,070	1,378
Land information certificates	165	132
	<b>2,595</b>	<b>2,257</b>

## Notes to the Financial Report for the year ended 30 June 2007

Note 6	Grants	2007 \$'000	2006 \$'000
	Grants were received in respect of the following:		
	<b>Recurrent</b>		
	Commonwealth Government - Pre school	2	38
	Commonwealth Government - Child care centre	331	459
	Commonwealth Government - ConnectED	-	3
	Commonwealth Government - Roads to recovery	187	363
	Commonwealth Government - Adventure playground and leisure	244	271
	Commonwealth Government - Immunisation	16	16
	Commonwealth Government - Family support	30	30
	Commonwealth Government - Arts	5	39
	Commonwealth Government - Training	2	51
	Commonwealth Government - Specific Home Care	21	-
	Commonwealth Government - Drug strategy/Prevention/FreeZA	10	-
	Commonwealth Government - Isepich	38	-
	Commonwealth Government - Grappling with Graffiti	6	-
	Commonwealth Government - Veterans Affairs	1	-
	Commonwealth Government - Environmental campaigns	4	-
	Commonwealth Government - Capital Grants	34	-
	Social Support HACC	234	223
	Beach clean	308	321
	Business Group Program	15	15
	Capital grants	1,683	2,362
	Child care centre	223	207
	Cultral and recreational services	28	38
	Cultural and recreational services (JACCC)	450	384
	Cultural and recreational services (Vic Health Metro Active)	-	70
	Dental program	-	5
	Drug strategy	34	54
	Employer Incentive	-	2
	Family support	105	102
	Grappling with Graffiti	10	20
	Home help - elderly	1,666	1,579
	Home maintenance services	124	121
	Immunisation	22	16
	Library subsidy	472	448
	Maternal and child health	373	347
	Meals on wheels	206	203
	National competition policy	-	236
	Rooming house social meals	30	30
	School crossing	30	30
	School Walking Bus	9	9
	SES subsidy	5	5
	Social Support (Building Inclusive Communities)	126	74
	Social Support (ConnectED)	-	801
	Social Support (Diversity Program)	41	41
	Social Support (Isepich)	192	223
	Specific home care	332	349
	Tobacco Activity	10	20
	Urban planning	-	7
	VicRoads	197	195
	Victorian Grants Commission	1,728	1,676
	Pre School	1	-
	Sustainable	87	-
	Arts	222	19
	Drought relief	82	-
	Recycling program	57	162
	Strategic planning	80	-
	Waste Management	50	-
	Environmental campaigns	2	-
	Community development	92	-
	Commonwealth Games	-	38
	Healthy cities	6	-
		<b>10,263</b>	<b>11,703</b>

Notes to the Financial Report for the year ended 30 June 2007

Note 6	Grants (continued)	2007 \$'000	2006 \$'000
	<b>Non-recurrent</b>		
	Commonwealth Government - Water Conservation Program	-	28
	Pride of Place - Balaclava Walk	-	3
	Training Grants	-	10
		-	41
	<b>Total grants</b>	<b>10,263</b>	<b>11,744</b>
	<b>Summary of the nature of grants received</b>		
	Commonwealth	931	1,662
	State	9,332	10,081
		<b>10,263</b>	<b>11,743</b>
	Recurrent	10,263	11,483
	Non recurrent	-	260
		<b>10,263</b>	<b>11,743</b>
	Operating	8,580	9,381
	Capital	1,683	2,362
		<b>10,263</b>	<b>11,743</b>
	<i>Conditions on Grants</i>		
	Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
	Cultural and recreational services	62	271
	Water conservation program	30	28
	Vic Roads	50	30
	Social support	547	112
	Recycling program	39	162
	Grappling with graffiti	16	20
	Child care centres	201	27
	Urban Planning	141	-
		<b>1,086</b>	<b>650</b>
	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	20	-
	Cultural and recreational services	39	259
	Drug strategy	81	4
	Social support	388	182
	Urban planning	182	49
	Grappling with graffiti	32	24
	Meals on wheels	-	66
	Vic Roads	191	151
	Recycling program	28	-
	Child Care services	60	-
		<b>1,021</b>	<b>735</b>
	Net increase (decrease) in restricted assets resulting from grant revenues for the year	<b>65</b>	<b>(85)</b>
<b>Note 7</b>	<b>Contributions</b>		
	Capital contributions	254	387
	Developer contributions	1,914	2,292
		<b>2,168</b>	<b>2,679</b>



Notes to the Financial Report for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Note 8</b>		
<b>Other revenue</b>		
Donations	407	134
Sales	227	169
Insurance Recovery	35	118
Sale of Derelict Vehicles	65	56
Property and Valuations Income	336	35
Sale of Right of Ways	632	816
Sundry Income	975	573
Port Melbourne Place	810	-
	<b>3,487</b>	<b>1,901</b>
<b>Note 9</b>		
<b>Disposal of property, infrastructure, plant and equipment</b>		
<b>Land</b>		
Proceeds from sale of assets	-	545
Written down value of assets disposed/scrapped	-	(475)
Net gain on disposal of land	-	70
<b>Buildings</b>		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	(2,585)
(Loss) on disposal of buildings	-	(2,585)
<b>Roads, footpaths and bridges</b>		
Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	-	(2,920)
(Loss) on disposal of roads, footpaths and bridges	-	(2,920)
<b>Furniture and fittings</b>		
Proceeds from sale of assets	4	-
Written down value of assets disposed/scrapped	(10)	-
(Loss) on disposal of plant and equipment	(6)	-
<b>SUMMARY</b>		
Proceeds from sale of assets	4	545
Written down value of assets disposed/scrapped	(10)	(5,980)
<b>(Loss) on disposal of assets</b>	<b>(6)</b>	<b>(5,435)</b>

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Notes to the Financial Report for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 10</b>		
<b>Employee benefits</b>		
Wages and salaries	30,505	29,689
Casual staff	2,484	2,472
Annual leave and long service leave	3,588	2,712
Superannuation	2,851	2,735
Fringe benefits tax and WorkCover	892	859
Redundancy costs	542	414
	<b>40,862</b>	<b>38,881</b>
<b>Note 11</b>		
<b>External contracts</b>		
Cleaning	2,651	2,566
Health/Child care centres/Kindergartens/Schools	313	341
Festivals/Programs	731	437
Food production	475	586
Information systems	205	225
Maintenance and construction	5,520	5,128
Parking admin/Management	1,837	1,533
Parks/Gardens/Reserves	4,645	5,145
Perin lodgement fees	1,183	1,194
Recycling/Waste management	4,294	3,930
Revenue management/Rates	748	795
Community Service Agreements	979	804
Security services	844	853
Valuations	455	872
Relocation and Recruitment	139	135
Search fees	305	273
Corporate functions support	472	524
Insurance	61	59
Publications	57	63
Derelict Vehicles	213	256
Social/Community Services	180	276
Holiday Program	85	64
Environmental/Outdoor Design	157	155
Graffiti Removal	160	251
Other	447	388
	<b>27,156</b>	<b>26,853</b>
<b>Note 12</b>		
<b>Materials and consumables</b>		
Advertising	692	519
Contributions - Other	1,515	2,173
Insurance	1,565	1,754
Metropolitan Fire Brigade Levy	1,840	1,790
Operating Lease Expenses	2,531	2,339
Printing & Stationery	882	793
Telephone Charges	1,260	1,334
Training	405	503
Maintenance	1,687	2,510
Materials	1,136	1,498
	<b>13,513</b>	<b>15,213</b>

## Notes to the Financial Report for the year ended 30 June 2007

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	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 13</b>		
<b>Bad and doubtful debts</b>		
Parking fine debtors	(616)	(283)
Parking related debtors - PERIN Court	1,960	853
Other debtors	106	14
	<b>1,450</b>	<b>584</b>
<b>Note 14</b>		
<b>Depreciation</b>		
Buildings	2,086	2,180
Heritage and works of art	78	77
Plant and equipment	841	701
Furniture and fittings	1,349	1,311
Roads, footpaths and bridges	5,866	5,853
Land improvements	1,341	1,144
Drainage	964	974
	<b>12,525</b>	<b>12,240</b>
<b>Note 15</b>		
<b>Other expenses</b>		
Activities / programs	606	584
Bank charges	353	319
Catering charges	550	465
General transport	216	238
Postage	216	202
Waste rebates	82	81
Software costs	606	406
Subscriptions	211	138
Travel	50	75
Other	628	586
	<b>3,518</b>	<b>3,094</b>
<b>Note 16</b>		
<b>Borrowing costs</b>		
Interest	502	554
Interest - Joint Venture	52	-
	<b>554</b>	<b>554</b>

Notes to the Financial Report for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Note 17</b>	<b>Cash and cash equivalents</b>	
	32	31
	2,620	2,901
	34,250	25,600
	<b>36,902</b>	<b>28,532</b>
<b>Note 18</b>	<b>Other financial assets</b>	
	4,600	8,500
	<b>4,600</b>	<b>8,500</b>
<b>Note 19</b>	<b>Receivables</b>	
	<b>Current</b>	
	1,541	1,673
	14,981	15,314
	(11,386)	(11,775)
	2,483	4,216
	(55)	(42)
	1,068	901
	<b>8,632</b>	<b>10,287</b>
	<b>Non-Current</b>	
	2	2
	<b>8,634</b>	<b>10,289</b>
<b>Note 20</b>	<b>Prepayments</b>	
	71	652
	3	-
	12	-
	<b>86</b>	<b>652</b>
<b>Note 21</b>	<b>Assets held for sale</b>	
	1,550	-
	92	-
	<b>1,642</b>	<b>-</b>

## Notes to the Financial Report for the year ended 30 June 2007

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Note 22	Property, infrastructure, plant and equipment	2007 \$'000	2006 \$'000
<b>Summary</b>			
	at cost	61,004	43,305
	at fair value as at 30 June 2004	-	1,241,802
	at fair value as at 30 June 2005	95,989	95,989
	at fair value as at 30 June 2006	44,617	316,939
	at fair value as at 30 June 2007	1,735,980	-
	Less accumulated depreciation	(277,003)	(259,469)
		<b>1,660,587</b>	<b>1,438,566</b>
<b>Land and buildings</b>			
Land			
	at cost	-	-
	at fair value as at 30 June 2004	-	270,716
	controlled land at fair value as at 30 June 2004	-	763,166
	at fair value as at 30 June 2007 <sup>1</sup>	317,865	-
	controlled land at fair value as at 30 June 2007 <sup>1</sup>	862,625	-
	Total	1,180,490	1,033,882
Land improvements			
	at cost	-	-
	at fair value as at 30 June 2006 <sup>2</sup>	33,080	33,080
	Less: accumulated depreciation	(11,967)	(10,626)
	Total	21,113	22,454
Buildings			
	at cost	-	7,560
	at fair value as at 30 June 2004	-	117,290
	controlled buildings at fair value as at 30 June 2004	-	82,958
	at fair value as at 30 June 2007 <sup>1</sup>	141,824	-
	controlled buildings at fair value as at 30 June 2007 <sup>1</sup>	92,205	-
	Less: accumulated depreciation	(96,654)	(100,953)
	Total	137,375	106,855
<b>Plant and equipment</b>			
Plant and equipment			
	at cost	7,268	6,007
	Less: accumulated depreciation	(3,754)	(2,913)
	Total	3,514	3,094
Furniture and fittings			
	at cost	12,308	10,674
	Less: accumulated depreciation	(9,012)	(7,789)
	Total	3,296	2,885
Heritage assets and works of art			
	at cost	-	94
	at fair value as at 30 June 2004	-	7,672
	at fair value as at 30 June 2007 <sup>3</sup>	9,299	-
	Less: accumulated depreciation	-	(154)
	Total	9,299	7,612



Notes to the Financial Report for the year ended 30 June 2007

Note 22	Property, infrastructure, plant and equipment (continued)	2007 \$'000	2006 \$'000
<b>Infrastructure</b>			
	Roads, footpaths and bridges		
	at cost	-	-
	at fair valuation as at 30 June 2006 <sup>4</sup>	11,537	283,859
	at fair valuation as at 30 June 2007 <sup>5</sup>	312,162	-
	Less: accumulated depreciation	(111,354)	(93,736)
	<b>Total</b>	<b>212,345</b>	<b>190,123</b>
	Drainage		
	at cost	692	50
	at fair value as at 30 June 2005 <sup>6</sup>	95,989	95,989
	Less: accumulated depreciation	(44,262)	(43,298)
	<b>Total</b>	<b>52,419</b>	<b>52,741</b>
	Work in progress - at cost	40,736	18,920
	<b>Total property, infrastructure, plant &amp; equipment</b>	<b>1,660,587</b>	<b>1,438,566</b>

1 Land and buildings valuations as at 30 June 2007 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer.

2 Land improvement valuations were valued as at 30 June 2006 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2006/07 of the value of all land improvement assets has indicated that there is no material change required to be made to their carrying value.

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

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

4 Street furniture and bridges were valued as at 30 June 2006 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2006/07 of the value of all street furniture and bridge assets has indicated that there is no material change required to be made to their carrying value.

5 Roads, footpaths and kerb and channel were valued as at 30 June 2007 by Mr D Yeouart BE, MIE Aust., CP Eng.

6 Drainage assets were valued as at 30 June 2005 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2006/07 of the value of all drainage assets has indicated that there is no material change required to be made to their carrying value.

**Land and Buildings**

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

**Roads, Footpaths and Bridges**

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

**Drainage**

The valuation of drainage assets 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.

## Notes to the Financial Report for the year ended 30 June 2007

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### Note 22 Property, infrastructure, plant and equipment reconciliation

<b>2007</b>				
<b>Infrastructure</b>	<b>Roads, Streets and Bridges</b>	<b>Drainage</b>	<b>Total Infrastructure 2007 \$'000</b>	
WDV at beginning of financial year:	190,123	52,741	242,864	
Acquisition of assets	2,474	642	3,116	
Depreciation (Note 14)	(5,866)	(964)	(6,830)	
Assets held for sale (Note 21)	(92)	-	(92)	
Revaluation increment (Note 28)	25,706	-	25,706	
WDV of disposals (Note 9)	-	-	-	
WDV at end of financial year	<b>212,345</b>	<b>52,419</b>	<b>264,764</b>	
<b>Land and Buildings</b>	<b>Land - freehold and controlled</b>	<b>Buildings on freehold and controlled land</b>	<b>Land Improvements</b>	<b>Total Land and Buildings 2007 \$'000</b>
WDV at beginning of financial year:	1,033,882	106,855	22,454	1,163,191
Acquisition of assets	1,459	1,178	-	2,637
Depreciation (Note 14)	-	(2,086)	(1,341)	(3,427)
Assets held for sale (Note 21)	(1,550)	-	-	(1,550)
Revaluation increment (Note 28)	146,699	31,428	-	178,127
WDV of disposals (Note 9)	-	-	-	-
Transfer of assets	-	-	-	-
WDV at end of financial year	<b>1,180,490</b>	<b>137,375</b>	<b>21,113</b>	<b>1,338,978</b>
<b>Plant and equipment</b>	<b>Plant and Equipment</b>	<b>Furniture, Vehicles and IT equipment</b>	<b>Heritage and Art works</b>	<b>Total Plant and Equipment 2007 \$'000</b>
WDV at beginning of financial year:	3,094	2,885	7,612	13,591
Acquisition of assets	1,261	1,329	-	2,590
Council share of Joint Venture Assets (Note 40)	-	441	-	441
Depreciation (Note 14)	(841)	(1,349)	(78)	(2,268)
Revaluation increment (Note 28)	-	-	1,765	1,765
WDV of disposals (Note 9)	-	(10)	-	(10)
WDV at end of financial year	<b>3,514</b>	<b>3,296</b>	<b>9,299</b>	<b>16,109</b>
<b>Total</b>			<b>Work In Progress</b>	<b>Total Non Current Assets 2007 \$'000</b>
WDV at beginning of financial year:			18,920	1,438,566
Acquisition of assets			23,920	32,263
Council share of Joint Venture Assets (Note 40)			-	441
Depreciation (Note 14)			-	(12,525)
Assets held for sale (Note 21)			-	(1,642)
Revaluation increment (Note 28)			-	205,598
WDV of disposals (Note 9)			-	(10)
Transfer to Operating			(477)	(477)
Capitalisations of W.I.P			(1,627)	(1,627)
WDV at end of financial year			<b>40,736</b>	<b>1,660,587</b>

Notes to the Financial Report for the year ended 30 June 2007

**Note 22 Property, infrastructure, plant and equipment reconciliation**

**2006**

<b>Infrastructure</b>	<b>Roads, Streets and Bridges</b>	<b>Drainage</b>	<b>Total Infrastructure 2007 \$'000</b>
WDV at beginning of financial year:	187,568	53,665	241,233
Acquisition of assets	2,240	50	2,290
Depreciation (Note 14)	(5,853)	(974)	(6,827)
Revaluation increment (Note 28)	9,088	-	9,088
WDV of disposals (Note 9)	(2,920)	-	(2,920)
<b>WDV at end of financial year</b>	<b>190,123</b>	<b>52,741</b>	<b>242,864</b>

<b>Land and Buildings</b>	<b>Land - freehold and controlled</b>	<b>Buildings on freehold and controlled land</b>	<b>Land Improvements</b>	<b>Total Land and Buildings 2007 \$'000</b>
WDV at beginning of financial year:	1,032,210	110,306	13,408	1,155,924
Acquisition of assets	-	190	1,340	1,530
Depreciation (Note 14)	-	(2,180)	(1,144)	(3,324)
Recognition of assets for the first time (Note 27)	2,147	2,044	4,343	8,534
Revaluation increment (Note 28)	-	-	3,587	3,587
WDV of disposals (Note 9)	(475)	(2,585)	-	(3,060)
Transfer of assets	-	(920)	920	-
<b>WDV at end of financial year</b>	<b>1,033,882</b>	<b>106,855</b>	<b>22,454</b>	<b>1,163,191</b>

<b>Plant and equipment</b>	<b>Plant and Equipment</b>	<b>Furniture, Vehicles and IT equipment</b>	<b>Heritage and Art works</b>	<b>Total Plant and Equipment 2007 \$'000</b>
WDV at beginning of financial year:	2,640	2,484	7,649	12,773
Acquisition of assets	1,155	1,094	40	2,289
Council share of Joint Venture Assets (Note 40)	-	618	-	618
Depreciation (Note 14)	(701)	(1,311)	(77)	(2,089)
Revaluation increment (Note 28)	-	-	-	-
WDV of disposals (Note 9)	-	-	-	-
<b>WDV at end of financial year</b>	<b>3,094</b>	<b>2,885</b>	<b>7,612</b>	<b>13,591</b>

<b>Total</b>	<b>Work In Progress</b>	<b>Total Non Current Assets 2007 \$'000</b>
WDV at beginning of financial year:	7,615	1,417,545
Acquisition of assets	13,187	19,296
Council share of Joint Venture Assets	-	618
Depreciation (Note 14)	-	(12,240)
Recognition of assets for the first time (Note 27)	-	8,534
Revaluation increment (Note 28)	-	12,675
WDV of disposals (Note 9)	-	(5,980)
Transfer to Operating	(356)	(356)
Capitalisations of W.I.P	(1,526)	(1,526)
<b>WDV at end of financial year</b>	<b>18,920</b>	<b>1,438,566</b>

Notes to the Financial Report for the year ended 30 June 2007

		<b>2007</b>	<b>2006</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Note 23</b>	<b>Payables</b>		
	Trade creditors	2,827	4,582
	Accrued expenses	4,149	2,537
	Other	-	73
		<b>6,977</b>	<b>7,192</b>
<b>Note 24</b>	<b>Trust funds and deposits</b>		
	Refundable building deposits	-	9
	Refundable contract deposits	94	110
	Refundable tender deposits	9	4
	Other refundable deposits	761	468
		<b>863</b>	<b>591</b>

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Notes to the Financial Report for the year ended 30 June 2007

**Note 25 Provisions**

	Annual leave \$ '000	Long service leave \$ '000	Retirement gratuity \$ '000	Joint venture employees \$ '000	Other \$ '000	Total \$ '000
<b>2007</b>						
Balance at beginning of the financial year	2,573	4,059	345	511	169	7,657
Additional provisions	2,676	982	13	-	219	3,890
Amounts used	(2,591)	(570)	(31)	-	(258)	(3,450)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	(2)	(45)	(25)	-	-	(72)
Net increase (decrease) in Streetsahead joint venture employee entitlements	-	-	-	41	-	41
Balance at the end of the financial year	2,656	4,426	302	552	130	8,066
<b>2006</b>						
Balance at beginning of the financial year	2,553	3,786	365	462	87	7,253
Additional provisions	2,123	649	-	-	198	2,970
Amounts used	(2,114)	(317)	-	-	(116)	(2,547)
Increase (decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	11	(59)	(20)	-	-	(68)
Net increase (decrease) in Streetsahead joint venture employee entitlements	-	-	-	49	-	49
Balance at the end of the financial year	2,573	4,059	345	511	169	7,657

	2007 \$'000	2006 \$'000
<b>(a) Employee benefits</b>		
<b>Current (i)</b>		
Annual leave	2,656	2,573
Long service leave	3,529	2,762
Retirement gratuity	302	345
Joint venture employees	552	511
Other	130	29
	<b>7,169</b>	<b>6,220</b>
<b>Non-current (ii)</b>		
Annual leave	-	-
Long service leave	897	1,297
Retirement gratuity	-	-
Joint venture employees	-	-
	<b>897</b>	<b>1,297</b>
<b>Aggregate carrying amount of employee benefits:</b>		
Current	7,169	6,220
Non-current	897	1,297
	<b>8,066</b>	<b>7,517</b>
<b>The following assumptions were adopted in measuring the present value of employee benefits:</b>		
Weighted average increase in employee costs	4.00%	5.00%
Weighted average discount rates	6.34%	5.78%
<b>(i) Current</b>		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	5,281	4,781
- Other short-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	1,888	1,439
	<b>7,169</b>	<b>6,220</b>
<b>(ii) Non-current</b>		
Long service leave representing less than 7 years of continuous service measured at present value	897	1,297
	<b>897</b>	<b>1,297</b>
<b>(b) Provisions</b>		
<b>Current</b>		
Developer contribution refund	-	140
<b>Non-current</b>		
	-	-
<b>Total</b>	-	<b>140</b>
	<b>No.</b>	<b>No.</b>
Average employee numbers during the financial year	717	709
Number of full time equivalents (FTE) at year end	567	538



## Notes to the Financial Report for the year ended 30 June 2007

Note 26	Interest-bearing liabilities	2007 \$'000	2006 \$'000
	<b>Current</b>		
	Borrowings - secured against rates and charges	4,497	862
	Joint venture finance lease liability	223	121
		<b>4,720</b>	<b>983</b>
	<b>Non-current</b>		
	Borrowings - secured against rates and charges	3,272	7,769
	Joint venture finance lease liability	538	355
		<b>3,810</b>	<b>8,124</b>
		<b>8,530</b>	<b>9,107</b>
	<b>The maturity profile for Council's borrowings is:</b>		
	Not later than one year	4,720	983
	Later than one year and not later than five years	2,045	4,031
	Later than five years	1,765	4,093
		<b>8,530</b>	<b>9,107</b>
	<b>Finance leases</b>		
	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	284	161
	Later than one year and not later than five years	618	404
	Later than five years	-	-
	Minimum lease payments	902	565
	Less: Future finance charges	(140)	(90)
	Recognised in the balance sheet as:	<b>761</b>	<b>475</b>
	<b>Current</b>		
	Leases	223	121
	<b>Non-current</b>		
	Leases	538	355
		<b>761</b>	<b>475</b>
<b>Note 27</b>	<b>Adjustments directly to equity</b>		
	2005-06 Correction of error - land improvement assets recognised for the first time	-	4,343
	2006-07 Correction of error - land and building assets recognised for the first time	-	4,191
		-	<b>8,534</b>

Council undertook a land improvement revaluation during 2005/06 and discovered several carparks as improvements to land that had not previously been recognised in Council's accounts.

Council undertook a land and buildings revaluation during 2006/07 and discovered land and buildings that had not been previously recognised in Council's accounts.

SECTION

5

Notes to the Financial Report for the year ended 30 June 2007

Note 28 Reserves

	Balance at beginning of year \$'000	Increment (decrement) \$'000	Balance at end of year \$'000	
<b>(a) Asset revaluation reserves</b>				
<b>2007</b>				
<b>Property</b>				
Land	762,003	146,699	908,702	
Land improvements	4,507	-	4,507	
Arts & Heritage	651	1,765	2,416	
Buildings	61,718	31,428	93,146	
	<b>828,879</b>	<b>179,892</b>	<b>1,008,771</b>	
<b>Infrastructure</b>				
Roads, footpaths and bridges	47,482	25,706	73,188	
Drainage	12,859	-	12,859	
	<b>60,341</b>	<b>25,706</b>	<b>86,047</b>	
<b>Total Asset revaluation reserves</b>	<b>889,220</b>	<b>205,598</b>	<b>1,094,818</b>	
<b>2006</b>				
<b>Property</b>				
Land	762,003	-	762,003	
Land improvements	-	4,507	4,507	
Arts & Heritage	651	-	651	
Buildings	62,638	(920)	61,718	
	<b>825,292</b>	<b>3,587</b>	<b>828,879</b>	
<b>Infrastructure</b>				
Roads, footpaths and bridges	38,394	9,088	47,482	
Drainage	12,859	-	12,859	
	<b>51,253</b>	<b>9,088</b>	<b>60,341</b>	
<b>Total Asset revaluation reserves</b>	<b>876,545</b>	<b>12,675</b>	<b>889,220</b>	
	Balance at beginning of year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of year \$'000
<b>(b) Other reserves</b>				
<b>2007</b>				
General Reserve	9,285	9,654	(5,813)	13,126
Resort and recreation reserve	3,315	1,947	(3,764)	1,498
Contributions for car parking reserve	862	118	-	980
Contribution for C13 infrastructure reserve	139	-	-	139
<b>Total Other reserves</b>	<b>13,601</b>	<b>11,719</b>	<b>(9,577)</b>	<b>15,743</b>
<b>2006</b>				
General Reserve	9,081	6,846	(6,642)	9,285
Resort and recreation reserve	4,702	2,477	(3,864)	3,315
Contributions for car parking reserve	771	93	(2)	862
Contribution for C13 infrastructure reserve	60	79	-	139
<b>Total Other reserves</b>	<b>14,614</b>	<b>9,495</b>	<b>(10,508)</b>	<b>13,601</b>
<b>Total Reserves</b>			<b>2007 \$'000</b>	<b>2006 \$'000</b>
			<b>1,110,561</b>	<b>902,821</b>

**Resort and recreation reserve**

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

**Contributions for car parking reserve**

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

**Contributions for C13 infrastructure reserve**

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

## Notes to the Financial Report for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>Note 29</b>	<b>Reconciliation of cash flows provided by operating activities to surplus for the year</b>	
Surplus for the year	20,132	7,728
Depreciation (see Note 14)	12,525	12,240
Loss on disposal of property, plant and equipment (see Note 9)	6	5,435
Repayment of finance leases relating to Streetsahead joint venture	286	474
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in receivables	1,655	(392)
(Increase)/decrease in accrued income	292	(203)
(Increase)/decrease in prepayments	566	635
Increase/(decrease) in payables & trust funds	57	1,100
Increase/(decrease) in provisions	409	401
Net cash provided by operating activities	<b>35,928</b>	<b>27,418</b>
<b>Note 30</b>	<b>Reconciliation of cash and cash equivalents</b>	
Cash deposits (see Note 17)	2,652	2,932
Cash equivalents - Bank Bills with maturity less than 3 months	34,250	25,600
	<b>36,902</b>	<b>28,532</b>
<b>Note 31</b>	<b>Financing arrangements</b>	
Bank overdraft	1,500	1,500
Used facilities	-	-
Unused facilities	<b>1,500</b>	<b>1,500</b>
Credit Card facilities	94	40
Used facilities	5	12
Unused facilities	<b>89</b>	<b>28</b>
<b>Note 32</b>	<b>Restricted assets</b>	
Council has Cash Assets (Note 17) and Other Financial Assets (Note 18) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).		
Trust Funds (Note 24)	863	591
Long service leave*	4,600	4,000
Statutory reserve balances (Note 28b)	2,617	4,316
	<b>8,080</b>	<b>8,907</b>

\* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 25 due to a different basis of calculation prescribed by the regulation.

Additionally, included in Assets Note 22 'Property, infrastructure, plant and equipment' are housing assets which have restrictions on them. These assets which total \$42.3 million (2005/2006: \$26.1 million) are used for community housing and were purchased with assistance from State Government funding. This funding imposes restrictions preventing Council from using these assets for any other purpose. If the funding conditions in the respective funding agreements for each property are defaulted upon, Council is liable to repay to the State Government an amount determined in those agreements. Based upon the \$42.3 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 \$26.3 million (2005/2006 \$18.0 million).

**Notes to the Financial Report** for the year ended 30 June 2007

**Note 33 Superannuation**

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

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% in both 2007 and 2006) required under Commonwealth Superannuation Guarantee Legislation. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

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

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

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

The Fund's liability for all employer members accrued benefits was determined in the 30 June 2006 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	<b>30-Jun-06 \$'000</b>
Net market value of assets	3,443,686
Accrued benefits (per accounting standards)	3,319,598
Difference between assets and accrued benefits	124,088
Vested benefits	3,040,443

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

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

	<b>2007 \$'000</b>	<b>2006 \$'000</b>
City of Port Phillip employer contributions to Local Authorities Superannuation Fund (Vision Super) - Defined Benefits Plan	506	566
City of Port Phillip employer contributions to Local Authorities Superannuation Fund (Vision Super) - Accumulation	2,759	2,495
City of Port Phillip employer contributions payable to Local Authorities Superannuation Fund at reporting date	-	-
	<b>3,265</b>	<b>3,061</b>

Refer to Note 36 for Council's ongoing exposure in relation to the Fund's Defined Benefit Plan.

## Notes to the Financial Report for the year ended 30 June 2007

### Note 34 Commitments

The Council has entered into the following commitments:

2007	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>				
Assurance Services/Internal audit	60	-	-	60
Building Condition Audit	63	-	-	65
Call Centre Manager Upgrade	63	20	-	83
Civil infrastructure - roads maintenance	7,177	28,388	14,194	49,759
Cleaning	1,075	1,102	-	2,177
Community Centre Maintenance	54	-	-	54
Consultancy	348	-	-	348
Food production (Aged and Community care)	528	550	-	1,078
Parking services	2,198	4,884	-	7,082
Rates/revenue management	790	840	-	1,630
Recycling collection	1,250	2,500	-	3,750
Resource management Collection	547	1,143	-	1,690
Rubbish collection	1,497	2,880	-	4,377
Security services	265	265	-	530
St Kilda Film Festival	30	30	-	60
Street tree & parks maintenance	3,958	1,895	-	5,853
Valuations and property mgt. services	500	-	-	500
	<b>20,403</b>	<b>44,497</b>	<b>14,194</b>	<b>79,094</b>
<b>Capital</b>				
Construction	<b>11,735</b>	-	-	<b>11,735</b>
<b>TOTAL</b>	<b>32,138</b>	<b>44,497</b>	<b>14,194</b>	<b>90,829</b>
2006	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>				
Air Conditioning services	19	-	-	19
Assurance Services/Internal audit	60	-	-	60
Civil infrastructure construction	18,082	1,380	-	19,462
Cleaning	5,406	13,440	-	18,846
Community Centre Maintenance	25	106	-	131
Financial system support	14	-	-	14
Food production (Aged and Community care)	653	653	-	1,306
Mailing equipment	2	5	-	7
Parking services	2,488	5,063	-	7,551
Rates/revenue management	755	1,630	-	2,385
Recycling collection	1,510	5,000	1,250	7,760
Resource management Collection	143	-	-	143
Rubbish collection	1,495	5,760	1,440	8,695
Security services	381	-	-	381
Street tree & parks maintenance	4,236	11,784	-	16,020
Valuations and property mgt. services	560	-	-	560
	<b>35,830</b>	<b>44,821</b>	<b>2,690</b>	<b>83,341</b>
<b>Capital</b>				
Construction	<b>2,917</b>	-	-	<b>2,917</b>
<b>TOTAL</b>	<b>38,747</b>	<b>44,821</b>	<b>2,690</b>	<b>86,258</b>



Notes to the Financial Report for the year ended 30 June 2007

		2007	2006
Note 35	<b>Operating lease commitments</b>	\$'000	\$'000
	<i>Operating lease commitments</i>		
	At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities. These obligations are not recognised as liabilities.		
	Not later than one year	961	945
	Later than one year and not later than five years	1,007	879
	Later than five years	-	-
		<b>1,968</b>	<b>1,824</b>
	At the reporting date, Council was a party as lessor under non-cancellable operating leases for the lease of land and buildings. These future commitments of income inflows are not recognised as assets.		
	<i>Operating lease receivables</i>		
	Not later than one year	1,461	1,418
	Later than one year and not later than five years	5,149	4,818
	Later than five years	13,815	14,363
		<b>20,425</b>	<b>20,599</b>
Note 36	<b>Contingent liabilities and contingent assets</b>		
	<b>Contingent liabilities</b>		
	<b>Superannuation</b>		
	Council has possible future obligations in respect of the defined benefits category of the Local Authorities Superannuation Fund. Refer Note 33.		
	<b>Public &amp; Products Liability</b>		
	As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$240 million of public & products liability insurance and had an excess of \$10,000 on this policy in 2006/2007. 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.		
	<b>Professional Indemnity</b>		
	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 \$240 million of professional indemnity insurance and had an excess of \$10,000 on this policy in 2006/2007. 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.		
	<b>Legal matters</b>		
	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.		
	<b>Contingent assets</b>		
	<b>Open space contributions</b>		
	Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.	1,645	1,415

## Notes to the Financial Report for the year ended 30 June 2007

### Note 37 Financial Instruments

#### (a) Accounting policy, terms and conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
Cash and cash equivalent assets	17	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned floating interest rates of between 5.65% and 6.40% in 2006/2007 (2005/2006: 4.75 % and 5.65%). The interest rate at balance date was between 6.15% and 6.40% in 2006/2007 (5.65% in 2005/2006).
Other 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 5.65% and 6.62% in 2006/2007 (2005/2006: 5.61% to 6.4867%).
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.
<b>Financial Liabilities</b>			
Payables	23	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.
Interest-bearing liabilities	26	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 2006/2007 (6.15% in 2005/2006).  As at balance date, the Council did not directly hold any finance leases other than through their interest in the Joint Venture 'Streetsahead'.  The terms of the finance leases range between 2 and 5 years. At balance date, interest rates ranged from 7.40% to 8.72% in 2006/2007 (2005/2006: 7.13% to 8.04%).
Trust Funds and deposits	24	Funds received on behalf of 3rd parties and to which CoPP has no present entitlement are carried at the gross amount and do not attract interest.	Trust funds are unsecured, not subject to interest charges and vary in the timing of settlement in accordance with their specific terms.

Notes to the Financial Report for the year ended 30 June 2007

**Note 37 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:

2007	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	
<b>Financial assets</b>						
Cash and cash equivalents	2,620	34,250	-	-	32	36,902
Other financial assets	-	4,600	-	-	-	4,600
Receivables (excluding Rates, Parking and GST receivables)	2,428	-	-	-	-	2,428
<b>Total financial assets</b>	<b>5,048</b>	<b>38,850</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>43,930</b>
Weighted average interest rate	n/a	6.54%	n/a	n/a	n/a	
<b>Financial liabilities</b>						
Payables	-	-	-	-	6,977	6,977
Trust funds	-	-	-	-	863	863
Interest-bearing liabilities including finance leases	-	4,720	2,046	1,765	-	8,531
<b>Total financial liabilities</b>	<b>-</b>	<b>4,720</b>	<b>2,046</b>	<b>1,765</b>	<b>7,840</b>	<b>16,371</b>
Weighted average interest rate	6.40%	6.15%	6.15%	6.15%	n/a	
<b>Net financial assets (liabilities)</b>	<b>5,048</b>	<b>34,130</b>	<b>(2,046)</b>	<b>(1,765)</b>	<b>(7,808)</b>	<b>27,559</b>
<b>2006</b>						
2006	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	
<b>Financial assets</b>						
Cash and cash equivalents	2,901	25,600	-	-	31	28,532
Other financial assets	-	8,500	-	-	-	8,500
Receivables (excluding Rates, Parking and GST receivables)	4,174	-	-	-	-	4,174
<b>Total financial assets</b>	<b>7,075</b>	<b>34,100</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>41,206</b>
Weighted average interest rate	5.40%	5.99%	n/a	n/a	n/a	
<b>Financial liabilities</b>						
Payables	-	-	-	-	7,192	7,192
Trust funds	-	-	-	-	591	591
Interest-bearing liabilities including finance leases	-	983	4,031	4,093	-	9,107
<b>Total financial liabilities</b>	<b>-</b>	<b>983</b>	<b>4,031</b>	<b>4,093</b>	<b>7,783</b>	<b>16,890</b>
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
<b>Net financial assets (liabilities)</b>	<b>7,075</b>	<b>33,117</b>	<b>(4,031)</b>	<b>(4,093)</b>	<b>(7,752)</b>	<b>24,316</b>

## Notes to the Financial Report for the year ended 30 June 2007

### Note 37 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Financial assets</b>				
Cash assets	36,902	28,532	36,902	28,532
Other financial assets	4,600	8,500	4,600	8,500
Receivables	2,428	4,174	2,428	4,174
<b>Total financial assets</b>	<b>43,930</b>	<b>41,206</b>	<b>43,930</b>	<b>41,206</b>
<b>Financial liabilities</b>				
Payables	6,977	7,192	6,977	7,192
Trust funds	863	591	863	591
Interest bearing liabilities including finance leases	8,531	9,107	8,531	9,107
<b>Total financial liabilities</b>	<b>16,371</b>	<b>16,890</b>	<b>16,371</b>	<b>16,890</b>

#### (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 38 Auditors' remuneration	2007 \$'000	2006 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	54	54
Internal audit fees and other like services - WHK Day Neilson	78	79
	<b>132</b>	<b>133</b>

Notes to the Financial Report for the year ended 30 June 2007

**Note 39 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:

<b>Councillors</b>	Janet Bolitho (Mayor) Darren Ray (Councillor) Dick Gross (Councillor) Peter Logan (Councillor) Janet Cribbes (Councillor) Karen Sait (Councillor) Judith Klepner (Councillor)
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**Chief Executive Officer** David Spokes

	2007 No.	2006 No.
<b>(ii) Remuneration of Responsible Persons</b>		
Annual remuneration of responsible persons were within the following bands:		
\$0 - \$9,999	-	-
\$10,000 - \$19,999	6	5
\$20,000 - \$29,999	-	-
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$270,000 - \$279,999	1	1
	<b>8</b>	<b>8</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total remuneration for the year for Responsible Persons above amounted to</b>	443	442

(iii) No retirement benefits have been made by the Council to a Responsible Person (2005/2006: Nil).

(iv) No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2005/2006: 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 (2005/2006: Nil).

**(vi) Senior Officers Remuneration**

A Senior Officer, other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration of \$100,000 or greater. The number of Senior Officers, other than Responsible Persons, are shown below in their relevant income bands:

	2007 No.	2006 No.
Income Range:		
\$100,000 - \$109,999	4	6
\$110,000 - \$119,999	4	3
\$120,000 - \$129,999	5	4
\$130,000 - \$139,999	3	-
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	3
\$170,000 - \$179,999	3	1
	<b>19</b>	<b>18</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total Remuneration for the reporting year for Senior Officers</b>	2,429	2,268

## Notes to the Financial Report for the year ended 30 June 2007

### Note 40 Joint venture information

#### JOINT VENTURE - STREETS Ahead CLEANING SERVICE

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

The results from operations and the assets and liabilities of Streetsahead have been consolidated into Council's accounts. The figures below represent Council's 50% share of Streetsahead's accounts as at 30 June 2007. As at the date of producing this report Streetsahead's accounts were awaiting audit clearance.

	2007 \$'000	2006 \$'000
Revenue from Continuing Operations	3,371	3,280
Expenses from Continuing Operations	3,282	3,260
<b>Net surplus from Continuing Operations</b>	<b>88</b>	<b>20</b>
Income tax Expense	-	-
<b>Surplus for the year</b>	<b>88</b>	<b>20</b>
<hr/>		
Council's share of the joint venture assets and liabilities are as follows:.	2007 \$'000	2006 \$'000
<b>Current Assets</b>		
Cash assets	1,073	843
Receivables	309	342
Other	3	2
<b>Total Current Assets</b>	<b>1,385</b>	<b>1,187</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	917	676
<b>Total Non-current Assets</b>	<b>917</b>	<b>676</b>
<b>Total Assets</b>	<b>2,302</b>	<b>1,863</b>
<b>Current Liabilities</b>		
Payables	255	232
Employee benefits	488	235
Interest Bearing Liabilities	223	121
<b>Total Current Liabilities</b>	<b>967</b>	<b>588</b>
<b>Non-Current Liabilities</b>		
Employee benefits	63	275
Interest Bearing Liabilities	538	354
<b>Total Non-Current Liabilities</b>	<b>602</b>	<b>629</b>
<b>Total Liabilities</b>	<b>1,568</b>	<b>1,217</b>
<b>Net Assets</b>	<b>734</b>	<b>646</b>
<b>Represented by:</b>		
Accumulated surplus	262	174
Joint Venturer's Equity	472	472
<b>Total Equity</b>	<b>734</b>	<b>646</b>



Notes to the Financial Report for the year ended 30 June 2007

**Note 41 Income, expenses and assets by function/activity**

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

	Community Assets & Services		Community Development & Planning		Organisation Systems & Support		Other* Not Attributed		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>INCOME</b>										
Grants	6,294	7,093	2,241	2,738	1,728	1,913	-	-	10,263	11,744
Other	13,247	13,130	28,408	24,706	5,048	3,949	68,732	62,770	115,435	104,555
<b>TOTAL INCOME</b>	<b>19,541</b>	<b>20,223</b>	<b>30,649</b>	<b>27,444</b>	<b>6,776</b>	<b>5,862</b>	<b>68,732</b>	<b>62,770</b>	<b>125,698</b>	<b>116,299</b>
<b>EXPENSES</b>										
	47,688	46,910	29,292	27,348	28,586	34,312	-	-	105,566	108,570
<b>NET SURPLUS/ (DEFICIT) FOR YEAR</b>	<b>(28,147)</b>	<b>(26,687)</b>	<b>1,357</b>	<b>96</b>	<b>(21,810)</b>	<b>(28,450)</b>	<b>68,732</b>	<b>62,770</b>	<b>20,132</b>	<b>7,729</b>
<b>TOTAL ASSETS BY DIVISION</b>	<b>36,797</b>	<b>14,536</b>	<b>(5,690)</b>	<b>(4,390)</b>	<b>1,641,315</b>	<b>1,440,825</b>	<b>40,558</b>	<b>36,390</b>	<b>1,712,980</b>	<b>1,487,361</b>

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

**ACTIVITIES**

**Community Assets & Services**

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

The Division includes the following Departments:

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

**Community Development & Planning**

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

The Division includes the following Departments:

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

**Organisation Systems & Support**

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

The Division includes the following Departments:

Finance & Investments, Governance & Community Relations, Information Technology Services, Organisational Development and Corporate Planning & Performance

## Notes to the Financial Report for the year ended 30 June 2007

### Note 42 Financial ratios

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	2007 \$'000		2006 \$'000		2005 \$'000
(a) <b>Debt servicing ratio</b> (to identify the capacity of Council to service its outstanding debt)					
<u>Debt servicing costs</u>	554	= 0.44%	554	= 0.48%	604 = 0.56%
Total revenue	<u>125,698</u>		<u>116,298</u>		<u>107,698</u>

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

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

(b) **Debt commitment ratio** (to identify Council's debt redemption strategy)

<u>Debt servicing &amp; redemption costs</u>	1,131	= 1.65%	891	= 1.42%	1,368 = 2.33%
Rate revenue	<u>68,732</u>		<u>62,771</u>		<u>58,696</u>

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

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

(c) **Revenue ratio** (to identify Council's dependence on rate income)

<u>Rate revenue</u>	68,732	= 54.68%	62,771	53.97%	58,696 = 53.58%
Total revenue	<u>125,698</u>		<u>116,298</u>		<u>109,544</u>

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

(d) **Debt Exposure Ratio** (to identify Council's exposure to debt)

<u>Total debt</u>	16,356	= 1:27.46	15,500	= 1:23.27	16,497 = 1:20.42
Total realisable assets	<u>449,159</u>		<u>360,719</u>		<u>336,790</u>

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

Any liability represented by a restricted asset (Note 32) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets: controlled land, controlled buildings, roads streets and bridges, drainage, heritage assets, works of art and restricted assets.

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

(e) **Working Capital Ratio** (to assess Council's ability to meet current commitments)

<u>Current assets</u>	52,387	= 2.66:1	48,788	= 3.23:1	37,090 = 2.74:1
Current liabilities	<u>19,729</u>		<u>15,126</u>		<u>13,520</u>

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

(f) **Adjusted Working Capital Ratio** (to assess Council's ability to meet current commitments)

<u>Current assets</u>	52,387	= 2.79:1	48,788	= 3.28:1	37,090 = 2.74:1
Current liabilities	<u>18,788</u>		<u>14,893</u>		<u>13,520</u>

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.

Notes to the Financial Report for the year ended 30 June 2007

**Note 43 Comparison of Actual to Budget - Rate Determination**

The principal budget document used by Council to monitor its financial performance is the Cash Statement of Financial Performance or Rate Determination Statement. This note has accordingly been included to provide the reader with a snapshot of Council's performance against budget. The surplus of \$21.036M is primarily attributable to a cumulative capital works carry over of \$19.156M which will be funded in the 2007/08 budget (2005/06 - \$17.595M)

Amounts shown in the financial report as budget information have been disclosed for information purposes only. Where necessary, budget information has been recast to comply with current presentation requirements. The budget figures have been drawn from Council's budget approved at the time the rates were adopted by Council for the 2006/2007 year.

	Rate Determination			
	2007 Actual \$'000	2007 Budget \$'000	2006 Actual \$'000	2006 Budget \$'000
<b>Revenue</b>				
Rates	68,732	66,986	62,771	61,852
Grants	6,631	5,760	7,342	7,295
Interest	2,103	1,050	1,717	1,050
Grants commission	1,728	1,628	1,676	1,608
Charges, fees, fines	32,632	33,218	30,598	30,580
Contributions	4,072	3,062	5,405	2,185
Other	8,456	7,373	6,211	6,187
<b>Total revenue from ordinary activities</b>	<b>124,354</b>	<b>119,077</b>	<b>115,720</b>	<b>110,757</b>
<b>Expenses</b>				
Employee costs	41,137	38,697	39,185	36,676
Materials and contracts	39,657	45,283	28,340	31,121
Utility payments	1,839	2,144	2,034	2,092
Depreciation	-	-	-	-
Professional services	4,143	3,192	3,682	2,809
Borrowing costs expense	554	512	554	562
Other expenses	3,349	3,294	14,405	16,206
<b>Total expenses from ordinary activities</b>	<b>90,679</b>	<b>93,122</b>	<b>88,200</b>	<b>89,466</b>
<b>Net cash surplus from operations for the year</b>	<b>33,675</b>	<b>25,955</b>	<b>27,520</b>	<b>21,291</b>
Capital expenditure	(28,095)	(33,965)	(19,482)	(24,337)
Prior Year Write Back of Assets	-	-	319	-
Loan Repayments	(862)	(862)	(812)	(812)
Reserve transfers (net)	(2,143)	9,284	1,013	4,375
Brought Forward Surplus	18,461	18,461	9,903	9,903
<b>Rate determination surplus</b>	<b>21,036</b>	<b>18,873</b>	<b>18,461</b>	<b>10,420</b>

## Notes to the Financial Report for the year ended 30 June 2007

Note 44	Capital expenditure	2007 \$'000	2006 \$'000
<b>Capital expenditure areas:</b>			
	Roads, footpaths and bridges	4,171	2,733
	Drainage	144	300
	Buildings	20,831	10,372
	Land improvements	3,501	1,629
	Plant and equipment	1,092	1,133
	Furniture and fittings	897	1,563
	Heritage assets and works of art	-	40
	<b>Total capital works</b>	<b>30,636</b>	<b>17,770</b>
<b>Represented by:</b>			
	Renewal	7,368	6,030
	Upgrade	15,356	4,168
	Expansion	-	-
	New assets	7,912	7,572
	<b>Total capital works</b>	<b>30,636</b>	<b>17,770</b>

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	30,636	17,770
Asset revaluation movement	205,598	12,675
Depreciation	(12,525)	(12,240)
Recognition of assets for the first time	-	8,534
Written down value of assets sold	(10)	(5,980)
WIP write off to operating expenses	(477)	(356)
Joint venture assets consolidated	441	618
Assets held for sale	(1,642)	-
<b>Net movement in property, infrastructure, plant &amp; equipment</b>	<b>222,021</b>	<b>21,021</b>

### (a) Renewal

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

### (b) Upgrade

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

### (c) Expansion

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

### (d) New assets

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

**Notes to the Financial Report** for the year ended 30 June 2007

**Note 45** **Events occurring after balance date**

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**Community Housing Assets**

On 31 July 2007 Council had divested its interest in nine (9) Council owned property assets to the Port Phillip Housing Trust. These assets comprised of:

- one asset owned by Council with no Director of Housing grant interests (Inkerman Oasis);
- seven (7) of the Council owned assets with Director of Housing interests; and
- Council's share of two (2) jointly owned assets (tenants-in-common), all of which the Director of Housing has registered interest through caveats or mortgages under joint venture funding agreements.

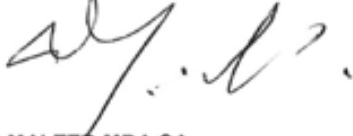
Three (3) other assets are yet to be transferred and the status at 30 June 2007 is as follows:

- one is awaiting Land Registry approval for transfer (Broxted);
- one is awaiting execution by Council and the Director of Housing of the Transfer of Land and the associated Novation Deed (Woodstock); and
- one is yet to be subdivided from an adjoining community centre before being transferred (Liardet).

When all transfers completed, the total number of assets divested will total twelve (12) with a total value of \$36.983M as at 30 June 2007.

## 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.



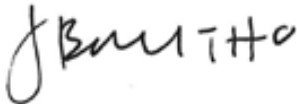
**DAVID FILMALTER MBA CA  
PRINCIPAL ACCOUNTING OFFICER**

Date: 18/9/2007  
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 2007 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 10 September 2007 to certify the financial report in its final form on behalf of the Council.



**JANET BOLITHO  
MAYOR & COUNCILLOR**

Date: 18/09/2007  
St Kilda



**PETER LOGAN  
DEPUTY MAYOR & COUNCILLOR**

Date: 18/9/2007  
St Kilda



**DAVID SPOKES  
CHIEF EXECUTIVE OFFICER**

Date: 18/9/2007  
St Kilda



# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDIT REPORT

### City of Port Phillip

#### To the Councillors

##### *The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2007 of the City of Port Phillip which comprises of the income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2007 of the Council which comprises of the 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 Responsibility of the Councillors 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.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

SECTION

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## Independent Audit Report (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Councillors' 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 Council'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 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. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

### *Auditor's Opinion*

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of the City of Port Phillip as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE  
25 September 2007

  
D.D.R. Pearson  
Auditor-General

2

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

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# Glossary and Contacts







## Glossary

### Annual community satisfaction survey for local governments

Measures the community's satisfaction with Victorian local government, coordinated by the Department for Victorian Communities.

### Annual Report

Details council's activities and achievements from each financial year (July to June). As required by the Local Government Act (1989) and the Local Government (General) Regulations (2004) the report includes:

- > a report of the council's operations during the financial year
- > an accurate description of the council's operations, including a review of its performance against the council plan
- > audited financial and performance statements for the financial year.

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

### ASSIST

Stands for 'Advice Solutions, Information Service Team'. It is the community's first point of contact for council-related requests.

ASSIST service is available by phone, fax and email or at any of the city's three town halls. ASSIST staff receive and resolve enquiries as they arise by liaising with other departments and council service providers.

### Best Value

An approach to service delivery defined by the state government for all Victorian councils. Based on six key principles, all services must be:

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

### Budget

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

### Community

Anyone, who lives, works in or visits the municipality.

### Community Governance

How we ensure citizens can participate in council decision making.

### Community Hub

A cluster of related activities/facilities in one location or in several locations close together. Hubs share resources or audiences, or support each other. The council supports hubs as vibrant places for the community to visit and use.

### Community Plan

An outline of the aspirations of the Port Phillip community. A new plan for 2007-2017 is currently being developed.

### Council Plan

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

### Customers

Persons or groups that are the recipients of an initiative or service.

### Neighbourhood

There are seven neighbourhoods within the municipality:

Albert Park and Middle Park; East St Kilda; Elwood and Ripponlea; Port Melbourne and Garden City; South Melbourne; St Kilda; and St Kilda Road and Queens Road.

### Same Day Service

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

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

### Strategic Resource Plan

The council's plan for allocating financial and non-financial resources.

### Stakeholders

A group or individual which has a financial or political interest in the organisation and therefore may wish to influence aspects of the organisations mission and strategies.

### Sustainability

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

### Victorian Local Government Indicators

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

### WorkCover

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

### WorkSafe

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

## Contact Us

### Council Offices

St Kilda Town Hall  
 Corner Carlisle Street and Brighton Road, St Kilda  
 Monday: 8.30 am - 6.00 pm  
 Tuesday - Friday: 8.30 am - 5.00 pm  
 Enquiry counter and cashier for paying fees and rates.

### South Melbourne Town Hall

208 - 220 Bank Street, South Melbourne  
 Monday, Wednesday, Thursday,  
 Friday: 8.30 am - 5.00 pm  
 Tuesday: 8.30 am - 6.00 pm  
 Enquiry counter and cashier for paying fees and rates,  
 planning and building approvals.

### Port Melbourne Town Hall

333 Bay Street, Port Melbourne  
 Monday - Friday: 8.30 am - 5.00 pm  
 Enquiry counter and cashier for paying fees and rates.

### Other Locations

Services are also provided from numerous community outposts throughout Port Phillip.

### ASSIST Centre

The City of Port Phillip ASSIST Centre provides the community with a first point of contact for all council-related requests.

### Contact Details

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

### Telephone

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

### After Hours

The City of Port Phillip is able to respond after hours to **urgent** matters regarding its services.

The City of Port Phillip's parking officers will respond to after hours calls for urgent parking issues such as blocked driveways, dangerously and illegally parked vehicles.

After hours parking enforcement services are available by ringing 0407 304 449.

### Libraries

The City of Port Phillip operates five libraries:

#### Albert Park

319 Montague Street, Albert Park  
 Phone: (03) 9209 6622

#### Emerald Hill

195 Bank Street, South Melbourne  
 Phone: (03) 9209 6611

#### Middle Park

Corner Nimmo Street and  
 Richardson Street, Middle Park  
 Phone: (03) 9209 6633

#### Port Melbourne

333 Bay Street, Port Melbourne  
 Phone: (03) 9209 6644

#### St Kilda

150 Carlisle Street, St Kilda  
 Phone: (03) 9209 6460

For opening hours please go to  
[http://www.portphillip.vic.gov.au/about\\_libraries.html](http://www.portphillip.vic.gov.au/about_libraries.html)

### Depot and Transfer Station

The Port Phillip depot and transfer station is located on the corner of White and Boundary Streets, South Melbourne. More information about the types of rubbish and recycling accepted from local residents and businesses is available on the council's website.

### Further Information

Further information about the City of Port Phillip is available at [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au) or by calling ASSIST on (03) 9209 6533.

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

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# Best Value Annual Report





## Best Value Overview

The introduction of Best Value Principles represented a new approach for local government. It ensures that councils remain accountable for their expenditure and obtain value for money in the delivery of council services.

**The Local Government Act 1989** sets out the Best Value Principles (section 208B) that council's must observe.

The Best Value Principles are:

- > All services provided by a Council must meet the quality and cost standards required by section 208D
- > Subject to sections 3C(2)(b) and 3C(2)(e), all services provided by a Council must be responsive to the needs of its community
- > Each service provided by a Council must be accessible to those members of the community for whom the service is intended
- > A Council must achieve continuous improvement in the provision of services for its community
- > A Council must develop a program of regular consultation with its community in relation to the services it provides
- > A Council must report regularly to its community on its achievements in relation to the principles set out in paragraphs (a), (b), (c), (d) and (e).

### The City of Port Phillip Best Value Approach

Throughout 2000 – 2006 The City of Port Phillip marketed its Best Value as the 'Sustainable Value' program, with a formal review of services being a key element. The aim was to ensure that the services represented 'Sustainable Value' in that they are continuously improving, relevant to the needs of the community and deliver value for money. The objectives of the reviews were to identify and address any major issues, challenges and opportunities for the service.

In June 2007 the formal 'Sustainable Value' review program ceased and Best Value was integrated into the City of Port Phillip business planning, reporting and continuous improvement process. The Best Value principles and measures will be adopted into the whole of organisation key performance indicators and service unit metrics.

During 2006/07 three service reviews were completed for Sport and Recreation, Foreshore and Events and the South Melbourne Market.

## Service Reviews completed – 2000 to 2007

Number	Service	Date completed
1	Planning Enforcement	Oct 2000
2	Property and Regulatory (Building Maintenance, Valuations, Insurance & Risk)	Nov 2000
3	Libraries	Dec 2000
4	Requests and Complaints	Jun 2001
5	Health Amenity & Enforcement and Community Amenity	Jul 2001
6	Family and Youth Support	Sept 2001
7	Infrastructure and Capital works	Oct 2001
8	Corporate Communications (now called Campaigns and Media)	Dec 2001
9	Information Management Group	Apr 2002
10	Integrated Transport (Parking Systems, Sustainable Transport, Parking Enforcement)	Jun 2002
11	Waste Management and Street & Beach Cleaning	Aug 2002
12	Aged and Community Care	Oct 2002
13	Finance	Dec 2002
14	Facilities (Meetings) and Events	May 2003
15	Statutory Planning and Strategic Planning	Jul 2003
16	Cultural Development (now called Arts and Festivals)	Aug 2003
17	Governance	Nov 2003
18	Parks and Trees	Dec 2003
19	Organisation Development and Payroll	Jan 2004
20	Building Solutions	Jun 2004
21	Social Planning, Community and Neighbourhood development	Aug 2004
22	Environmental Policy and Projects	Oct 2004
23	Corporate Planning	Nov 2004
24	Children's Services	Nov 2005
25	Sport and Recreation	Sept 2006
26	South Melbourne Market	Sept 2006
27	Foreshore and Events	Nov 2006



## 2006 / 2007 Reports by Service

### Organisation Systems & Support

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### Community Assets & Services

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Includes: Infrastructure and Capital Works, Waste Management, Parks and Open Spaces, Street

and Beach Cleaning, ASSIST and Parking Permit Administration, Meetings and Events, Family Support Services, Community Care.

### Community Development & Planning

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Includes: Arts and Festivals, Sport and Recreation, Libraries, Development Compliance, Health Services, Animal Management, Parking Systems, Parking Enforcement, Sustainable Transport, Community Health and Development, Economic Development, Statutory Planning, Strategic Planning, Building, Sustainable Environment, Social Planning, Community Development and Indigenous and Multicultural Services.

SECTION

7

## Information Technology Services

### Service Unit Mission

Provide a secure and reliable technological platform, integrated systems and consistent corporate data, enabling business units to improve service delivery to their stakeholders and customers.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$3,817,541)	(\$3,255,048)	(\$3,404,686)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Number of EFT's	20.7	11.5	14	
PC purchased	Nil	131	220	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
IT Training – number of staff trained	791	615	650	
User satisfaction	100%	100%	100%	

### Summary of Outcomes for 2006/2007

- > The IT Services department has been restructured, and now consists of Client Services, IT Infrastructure, Applications Support and GIS
- > Streamline and strengthen the collection and use of information across the organisation, developing a single view of each asset, customer and service
- > Integrate systems across the council to deliver efficiencies and reduce duplication of effort and data
- > Manage the risk to the council's IT assets and systems from malicious attacks and service interruptions.

### Highs and Lows for 2006/2007

- > Successful roll-out of the new SOE for the organisation
- > The 10 year IT Services Strategic Plan has been endorsed by the council.

## Corporate Planning and Performance

### Service Unit Mission

To integrate and align all processes consistently across the organisation and to enable the development of business planning processes and the setting of corporate priorities and strategies.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$116,000)	(\$103,000)	(\$515,000)	The net cost to the council increased due to the unit taking on a greater role in implementing a new business planning process with associated infrastructure.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	No	
Number of EFT's	1	1	4	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Delivery of Council Plan and Performance Statements	Achieved	Achieved	Achieved	Achieved within required timeframes.
Internal satisfaction on understanding Council Plan (anecdotal)	High	High	High	Consultation conducted during implementation of new business planning process indicated a high level of understanding.
Involvement in cross council projects to build support for Council Plan objectives	High	High	High	Participated in a number of projects, in particular the introduction of the new business planning process and several other cross organisation projects.

### Summary of Outcomes for 2006/2007

- > Ensured the revised Council Plan reflect the new business planning process
- > Ensured that the Council Plan initiatives and key strategic activities reflect the issues of concern of the community and addressed the issues raised in the Community Plan
- > Widely publicised the Council Plan and progress on activities
- > Implemented the new business planning process and developed a high level of understanding and cross organisation involvement as part of the process.

### Highs and Lows for 2006/2007

- > Preparation of year three of the new Council Plan and annual list of initiatives and top key strategic activities
- > Provision of extensive support and opportunities for staff to be actively involved in understanding and applying the new business planning and monitoring framework.



## Finance and Investments

### Service Unit Mission

Ensure the effective management and control of the council's financial resources while maintaining and developing the financial management information system. Provide cost effective and efficient financial services. Maintain the property rating database and facilitate the collection of rates and charges from the residents and ratepayers.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$3,126,900)	(\$3,010,159)	(\$3,108,408)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Number of EFT's	14.1	13.6	15.0	
Average rate of returns on investments	5.92%	5.88%	6.32%	
Rates recovered to total rates raised	97.26%	97.63%	97.75%	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
User satisfaction results – Accounting services	Majority of participants said "functioning well"	80%	71%	The drop in year on year customer satisfaction is largely attributable to disappointing performance in the Rates area.

### Summary of Outcomes for 2006/2007

- > Developed a set of financial principles to guide resource allocation that were adopted by the council
- > Implementation of a number of system enhancements in the purchasing and payables area that will drive future processing efficiency and improve the users experience when using these services
- > Reviewed the Revenue Management contract, which resulted in the service being brought back in house with effect from August 2007.

### Highs and Lows for 2006/2007

- > The streamlined councillor budget review that significantly reduced the volume of budget documentation while enhancing the readability and accessibility of the information provided
- > Bringing the management and financial accounting teams together following the review of the department's internal structure.

## Payroll

### Service Unit Mission

Support the City of Port Phillip by providing cost effective and efficient payroll services.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$266,400)	(\$319,502)	(\$292,282)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	Yes	
Number of EFT's	3.0	3.0	3.0	
Total Headcount (no of staff paid in last payrun for each Financial Year)	706	702	707	
Payroll cost per employee paid	\$377.34	\$455.13	\$413.41	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Response to payroll queries via the Helpdesk Payroll email account, within 48 hours	90-100%	90-100%	90-100%	
Customer satisfaction overall performance	-	82%	95%	

### Summary of Outcomes for 2006/2007

- > Provide salaries for all City of Port Phillip staff who service the community
- > Ongoing fortnightly payroll cycle process improvement, including the introduction of new controls to ensure compliance and appropriateness of service delivery and incorporation of feedback from internal Customer Satisfaction Survey and Management.

### Highs and Lows for 2006/2007

- > Implementation of new Human Resource Information System (HRIS) in August 2006 without additional resources
- > Improved reporting and information capability to assist management in day to day decision making
- > Reduced processing time for fortnightly payroll cycle.



## Insurance, Valuations, Property and Risk

### Service Unit Mission

The Insurance and Risk Management unit aims to raise the organisation's awareness of risk management, integrate risk management planning into the day-to-day operations of the council and improve services to claimants by quicker processing of insurance claims. The Property and Valuations unit aims to protect the council's revenue base through the accurate and timely undertaking of property valuations and maximise commercial property rental income.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,665,000)	(\$2,574,800)	(\$1,660,883)	Net expenditure varies significantly each year as income from State Revenue Office for supply of revaluation data is received biennially.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Number of EFT's	2.5	2.5	2.5	EFT's comprise of 1.5 Insurance and Risk management and 1 Property management. (Valuation services contracted out).

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Customer satisfaction results – Insurance and Risk Management	Quantitative research not conducted in 2004/05	58%	69%	Significant improvement in satisfaction rating.
Independent public liability audit conducted by Civic Mutual Plus	83%	91%	86%	State average 75%.

### Summary of Outcomes for 2006/2007

- > Biennial revaluation of all rateable properties undertaken in accordance with Best Practice Guidelines
- > Commenced development of a property management strategy to provide a coordinated and strategic approach to property management across the organisation.

### Highs and Lows for 2006/2007

- > Independent public liability audit result of 86% which is well above the State average
- > Lowest ever number of outstanding under excess insurance claims (67)
- > All business units have risk management plans in place and all relevant information has been captured on the council's risk management software
- > Outstanding property rental debt maintaining at < 2%
- > New valuations contract entered into in February 2006.



## Campaigns and Community Relations

### Service Unit Mission

The Campaigns and Community Relations Unit builds organisational capacity and practice to deliver:

- > Strategic media, government and community relations, with a public profile supporting the council's key priorities and campaigns
- > Publications, internet presence and online services which support and drive the council's community engagement and the council's role as a community information provider. This includes targeting different communications and media to different audiences
- > Internal advice, marketing and publications which support and promote innovation and service culture, and which responds to changing organisational and community needs.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,081,480)	(1,168,133)	(\$1,090,420)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved budget	15% under	Yes	Yes	
Number of EFTs	8.5	8	8	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Number of visitors to CoPP website	45,000 per month average	47,600 per month average (29,000 unique visitors per month average)	50,091 per month average (30,314 unique visitors per month average)	
Percentage of residents who say they have visited CoPP website	-	46%	45%	
Percentage of CoPP media releases generating media coverage	-	84%	66%	
Percentage of residents who say they have read Divercity magazine	61%	64%	64%	

### Summary of Outcomes for 2006/2007

- > Increased visits to website and launched eServices — an online services tool
- > Developed new email newsletter to inform the community and bring more users to [www.portphillip.vic.gov.au](http://www.portphillip.vic.gov.au)
- > Supported organisation in lobbying for aged care places in the municipality
- > Statewide community survey showed that on community perceptions of advocacy performance, Port Phillip scores highest in inner metropolitan area
- > Have engaged with community about council communications through annual research and discussions with residents, and annual phone polls – in process of developing more targeted communications as a result of this research.



## Organisation Development

### Service Unit Mission

To develop and enhance the capacity of staff through enabling a culture where leadership and fun and growth at work are encouraged and where sustainable service is delivered in line with the strategic intent of the organisation.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,075,532)	(\$1,241,198)	(\$1,657,751)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	No	Budget exceeded due to organisational redundancies.
Number of EFT's	6.0	6.0	6.0	
Wellness program cost per employee	\$22.50	\$22.50	\$22.50	
Cost per advertised position	\$923	\$1,141	\$1,800	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Organisation policy and compliance procedure guidelines	Compliance	Compliance	Compliance	

### Summary of Outcomes for 2006/2007

- > We undertook a survey of staff during November 2006 and developed a Strategic Plan with strategies for implementation over 2007/2008
- > Ensured that the partnership model of consultancy applies and that our users are aware of the relevant contact for HR/OD issues, and ensure OD office is manned from 7.30am to 5.30pm
- > The change plan for the previous year was updated to further improve organisational culture.

### Highs and Lows for 2006/2007

- > 2006/2007 was another big year for Organisation Development (OD) with all staff provided the opportunity to participate in a Staff Survey. Other key highlights include updating the Performance Dialogue and Feedback process and developing a 2007/2008 Organisation Development Strategic Plan
- > Since the OD Service Review in 2004, the firm commitment remains from the Executive Team that to effectively manage the most important resources – our staff, we need to enhance both our leadership capability & accountability and staff engagement. OD has continued to work in partnership leaders to build their capacity, extend thinking, influence and model the eight web principles and ultimately provide the tools to promote service culture and sustainability
- > OD has also taken a lead role in the development of the Key Performance Indicators and bottom up approach to staff involvement in the business planning process.

## Infrastructure and Capital Works

### Service Unit Mission

To maintain, improve and enhance the council's public infrastructure that meets the needs of the community now, and for future generations.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$2,543,400)	(\$2,283,900)	(\$1,906,164)	New department created following restructure in February 2007.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	No	Budget underspent due to delays in filling staff vacancies.
Number of EFT's	16	15	14	
Capital Works delivered	\$13,586,300	\$15,185,300	\$25,970,600	
Target	Budget	Budget	Budget	
Capital Works rolled over	48%	53%	41%	
Target	<20%	<20%	<20%	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Feedback – Consultation undertaken with community on capital works projects	100%	100%	100%	
Capital Works projects are market tested or tendered	100%	100%	100%	
Target	100%	100%	100%	
Effectiveness of Contract Management – Number of contract disputes	1	0	0	

### Summary of Outcomes for 2006/2007

- > Size of program increased with no additional internal resource
- > The council's Capital Works program is published annually as part of the budget and reported on in the Annual Report
- > Capital Works business case template revised to improve the delivery of the program
- > Major consultation undertaken regarding the Foreshore Connections Project e.g. St Kilda Foreshore Promenade, Fitzroy Street Tram Super Stop and Cleve Plaza pedestrianisation.

### Highs and Lows for 2006/2007

- > Implementation of the Child Care Policy to address community needs with the renovation of the Coventry Street and Clark Street Children's Centres and construction of the Elwood and Port Melbourne Family Hubs
- > Significant upgrade to the deli aisle and food hall completed at South Melbourne Market
- > St Kilda Town Hall redevelopment nearing completion.



## Waste Management

### Service Unit Mission

The Waste Management Service will contribute to the provision of a clean and healthy environment for the city, its community and visitors. This will be done by the planning and delivery of a range of waste collection and disposal services which meet the standards specified by the council, satisfy the community, incorporate sound environmental practices, meet Occupational Health and Safety standards, and are delivered within contract conditions.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$5,290,700)	(\$4,442,992)	(\$4,887,037)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Number of EFT's	12	12	13	
Total service unit net cost per tenement	\$116.43	\$96.41	\$80.34	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Quantity (tonnes) of refuse collected	18,939	19,536	19,296	
Average number of missed collections	69	50	57	Target Max. 90 per month.

### Summary of Outcomes for 2006/2007

- > Increase in patronage of the booked hard and green waste collection service
- > Waste and recycling services information guide distributed to all residents March 2007
- > Residential recycling bin audit completed to assist in the review of litter and recycling education programs.

### Highs and Lows for 2006/2007

- > The regional waste and recycling contract incorporates significant community education funding, which will assist in recycling programs in local schools
- > The regional waste and recycling contract incorporates payment to council for the sale of recyclable materials
- > Lack of State Government funding for the metropolitan regional 'wet murf' facility has temporarily suspended project.

## Parks and Open Space Services

### Service Unit Mission

To manage and care for our parks and open spaces.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$4,831,799)	(\$4,947,838)	(\$5,112,949)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Number of EFT's	5	5	5	
Cost per hectare for maintaining/mowing	\$237	\$243	\$248	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Satisfaction survey results – overall quality of the outdoor environment	78%	78%	71%	
Overall audit scores for street trees	80%	80%	79%	
Service providers are quality accredited in all cases	Accredited	Accredited	Accredited	

### Summary of Outcomes for 2006/2007

- > Regular benchmarking with other like providers as continued to allow us to gage overall value for money with regards to the cost of providing open spaces
- > The continued high quality presentation of our open spaces throughout major events such as the World Swimming Championships.

### Highs and Lows for 2006/2007

- > Commence implementation of the Open Space Strategy
- > Realignment of the Parks and Open Space Services unit into the new Buildings and Green Services department
- > Commence the development of the new Playground Strategy and Memorial and Naming policy in Open Spaces.



## Street and Beach Cleaning

### Service Unit Mission

The Street and Beach cleaning service will provide a clean, safe and attractive environment for the city, its community and its visitors. This will be done by planning and delivery of a range of public place cleaning services which meet the cleaning standards specified by the council, satisfy the community and are delivered within budget.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$3,547,058)	(\$3,651,063)	(\$3,807,884)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Number of EFT's	2	2	2	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Customer satisfaction	49%	51%	63%	(Figures derived from annual CoPP Community Satisfaction Survey report).
Annual site audit results	84%	85%	86%	(Figures based on monthly contract audit scores).

### Summary of Outcomes for 2006/2007

- > Citizen Monitor Network continues to provide feedback on the cleanliness of the city which is used to refine cleaning programmes and schedules
- > Acquisition of new machinery and new beach cleaning practices have improved the efficiency of service delivery, which is reflected in the decline in complaints received
- > Street and Beach Cleaning service certified to quality and environmental standards.

### Highs and Lows for 2006/2007

- > 'Your Beach Your Street Your Elwood' trial undertaken and adopted to improve street cleaning practices during peak leaf-fall season.



## ASSIST & Parking Permit Administration

### Service Unit Mission

- > ASSIST provides key information about the organisation and is the primary interface between council and the community
- > Parking Permit Administration implements council's parking policy through the effective co-ordination of the parking permit system and maintaining high standards of service to the community.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$850,291)	(\$873,930)	(\$856,177)	Labour cost savings due to secondments not being immediately replaced. Cost savings also achieved on parking permit stock reprints.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	No	
Number of EFT's	19.6	19.81	20.93	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Calls answered within 60 seconds	85.69%	86.00%	90.61%	Steady improvement has been achieved because of efficient staffing and targeted training.
Same Day Service: requests responded to within 2 days	74.5%	76.5%	87.1%	
Customer Satisfaction	N/A	78%	88%	2006 Community Satisfaction Survey.

### Summary of Outcomes for 2006/2007

- > E-Pathway customer request on-line lodgement process was introduced with a minimum of fuss. This service has increased the number of requests being received via on-line methods
- > "Customer Care" training course has been developed to improve service to our community and is being rolled out across all areas of council
- > New call centre management system has been sourced to assist in improving the performance within the contact centre. This project is progressing well with an expected completion date of October 2007.

### Highs and Lows for 2006/2007

- > ASSIST successfully managed the increase in calls during the Grand Prix, World Swimming Championships and the return of the St Kilda Festival.



## Meetings & Events

### Service Unit Mission

Facilitating the civic, community and commercial access through the effective use of the meeting rooms and open spaces together with the management of civic events in the Town Halls.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$458,150)	(\$448,743)	(\$386,618)	Some cost reduction has been achieved in line with reduced operational activity.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes		No	Yes
Number of EFT's	5	5	4	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Customer Satisfaction Survey	Not measured	78%	91%	Survey indicated more personal contact with customers has been made.

### Summary of Outcomes for 2006/2007

- > The impact of Town Strategy has continued to limit the availability for bookings, which has reduced the capacity of the unit to generate commercial income
- > The unit has been restructured and EFT's have been reduced by 20% to drive down operating costs.

### Highs and Lows for 2006/2007

- > The successful operational delivery of the Port Phillip Speaks Community Summit on the 28th April 2007 was facilitated by the unit
- > The new events booking system requires further refinement and modifications before it is implemented in 2007/2008. A phased implementation program has been devised to ensure the transition does not impact business continuity.

## Family Support Service

### Service Unit Mission

The Family Support Service aims to build strong and supportive relationships with many of the most disadvantaged, vulnerable and socially isolated families within Port Phillip and to help improve resilience and community connectedness. Family Support Services is an integral component of Family and Children's Services. Access to the program contains no discrimination based on gender, ethnic background or social or economic status. Within the program there is an emphasis on advocacy and self-sustainability.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$61,423)	(\$55,005)	(\$54,743)	Favourable variance due to savings in programs and staffing.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	No	
Number of EFT's	2.66	2.66	2.66	
Cost per hour of consultation	\$	\$41.33	\$45.19	Based on available hours of service over the 12 month period.

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Client satisfaction at case closure	98%	98%	98%	
Response to referrals within ten working days	99%	99%	95%	Increase in the number of high level referrals has reduced response times slightly.

### Summary of Outcomes for 2006/2007

- > The program works with and responds to some of the most vulnerable families within the City of Port Phillip and is designed to meet individual client/family needs
- > Referrals are currently accepted from all community organisations as well as the families involved which is a highly accessible and well-developed process
- > Quarterly reviews and closure meetings are held with every family involved with the program In these meetings families are encouraged to identify areas where they believe the program could improve the service being provided
- > Family Support Staff receive regular clinical supervision sessions for professional development and service improvement
- > In consultation with government departments, community agencies and families, Family Support Services is continually seeking to improve communication and service provision
- > Family Support Services is a highly visible program within the health, welfare and education service system whom work in collaboration with other organisations, within this system
- > Regular meetings are held with stakeholders and partners to report on service delivery and capacity.

### Highs and Lows for 2006/2007

- > Family Support Service is working in conjunction with the Department of Human Services and other Family Support Agencies within the Inner/Middle subregional catchment area of the Southern region to implement the requirements of the new Children, Youth and Families Act
- > The legislation requires all family services receiving over \$100,000 government funding to become registered services who will be assessed regularly using newly developed quality standards as set by the Minister for Children. The Act also requires each subregional catchment area to develop a model for Child First, an integrated community based intake service for all referrals into the service system including child protection reports
- > The Family Support Service represents the City of Port Phillip at both regional and subregional levels in the development and implementation of the requirements of the Act.



## Community Care

### Service Unit Mission

To support the aspirations of older residents, residents with a disability and their carers to remain living and participating within the community, thereby reducing social isolation and supporting connectedness. This will be achieved by:

- > Planning for current and future needs
- > Ensuring that services are client focused and client driven
- > Providing affordable and quality services to all eligible residents
- > Maximising funding opportunities
- > Fostering a coordinated approach to direct service provision in the municipality
- > Maintaining and expanding networks, partnerships and strategic alliances.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,058,182)	(\$1,073,887)	(\$1,135,586)	In 2005/06 Community Care was split from Ageing & Community Care. This has resulted in some unreliable comparisons between years 04/05 and beyond.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	+7.98%	-5.36%	+1.35%	
Number of EFT's	0	57.0	58.4	
Unit Cost per delivered meal <i>Number of delivered meals for the financial year</i>	\$12.40 126,283	\$13.50 117,893	\$16.09 140,569	
Cost per hour of Community Care <i>Number of Community Care hours delivered for the year</i>	\$36.28 62,019	\$36.36 58,477	\$41.65 60,142	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Community Care Satisfaction	NA	88%	89%	The annual survey measures those who are satisfied or very satisfied with the service.

### Summary of Outcomes for 2006/2007

- > Community Care took over responsibility for the council's Social Support Programs creating a more integrated service to all clients
- > The council relaunched the new Community Bus across the Southern part of the municipality. This free and accessible service transported 22,000 people across the year compared with only 4,000 from the previous year
- > Increased the numbers of meals subsidised through the community meals subsidy program from 60,000 in 2005/2006 to 79,000 meals – an increase of 30%
- > Developed a flexible respite service to support carers of younger people with disabilities and in particular those people who attend the Port Phillip Specialist School
- > Purchased and implemented a new software package (Goldcare) to assist in the delivery of the Community Care Programs. This system allows for a single client record regardless of the number of services the client requires
- > Community Care extended the Food Production Contract with Ballarat Health Services after overwhelmingly positive feedback from service users about the quality of the service.

### Highs and Lows for 2006/2007

- > A high was the introduction of the free and accessible Community Bus across the Southern end of the municipality was incredibly popular with residents – an increase of 450% in patronage from the previous transport service
- > A high was delivering over 84,000 hours of direct support to older and disabled residents in order to keep them at home and living within their communities for far longer
- > A high was delivering or subsidising over 140,000 meals to older people and people with disabilities who were identified as nutritionally at risk.

## Arts and Festivals

### Service Unit Mission

The Arts and Festivals team is committed to promoting individual and collective wellbeing as well as enhancing local community identity by facilitating the community's capacity to develop, appreciate and express creativity and cultural vitality.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,584,500)	(\$1,681,900)	(1,739,823)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	No	No	No	
Number of EFT's	N/A	12	12	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Community Satisfaction	69%	64%	64%	City of Port Phillip Annual Survey.

### Summary of Outcomes for 2006/2007

- > Improved online presence for major festivals has ensured timely and useful information from audiences and artists
- > Internal and external feedback gathered for continuous improvement to major festivals
- > Improved process for cultural development funding to arts projects has ensured high standard of applications.

### Highs and Lows for 2006/2007

- > Outstanding community cultural development (CCD) program for inclusion of artists with disability in the arts
- > Returned St Kilda Festival 2007 with State Government funding as well as cash sponsorship secured
- > Major valuation of contemporary art and heritage collections completed
- > Re-formatted Indigenous Arts Festival and 'Live and Local' programs highly successful in engaging new and independent artists.



## Sport and Recreation

### Service Unit Mission

To promote and encourage community building through participation by providing and facilitating access to sport, leisure and recreation opportunities within the municipality.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$161,808)	(\$223,274)	(\$224,517)	External grants received in 05/06 and 06/07.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	No	No	No	
Number of EFT's	2	2	2	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Community Satisfaction	76%	77%	77%	Dept Victorian Communities Community Satisfaction Survey.

### Summary of Outcomes for 2006/2007

- > Completion of Best Value Review and Sport and Recreation Strategy endorsed by Executive Team
- > Development of draft 'Sports Pricing Policy'
- > Upgrade of communication with public about service via the council's newsletter, Divercity, local media and information on the web
- > Completion of capital works projects.



## Libraries

### Service Unit Mission

The City of Port Phillip provides a customer focused, 'cutting-edge' library service that is innovative, effectively managed and supports lifelong learning in the community.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$2,559,700)	(\$2,766,454)	(\$2,780,641)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	Yes	
Number of EFT's	42.2	42.2	42.4	
Average cost of loan across branches deriving unit loan costs	\$4.39	\$2.50	\$2.64	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
% of Library stock aged 5 years or less	43%	46%	49%	Achieved through increases in capital budget for book stock, in tandem with a targeted withdrawal program.
Target	47%	47%	47%	

### Summary of Outcomes for 2006/2007

- > Regular process for informing with the public about service development and delivery, including through Diversity and local media, displays in library branches, and via Port Phillip Online
- > Improved process for determining Unit Costs
- > Developed and implemented measure for assessing collection turnaround, i.e. time taken for new library stock to become available for loan
- > Continue to offer training and development opportunities through fieldwork placements
- > Continue to employ a collection development and acquisition process with a strong emphasis on customers via requests and recommendations
- > Customer comment and feedback is encouraged and actively collected through both the library email inbox and via hard copy comment forms available at all branches.

### Highs and Lows for 2006/2007

- > Implementation of the Spydus library management system upgrade, with improvements to the catalogue interface for borrowers including sample chapters, reviews and book cover artwork
- > Continued success of library programming initiatives, particularly the Subcultured series of workshops and events for young people
- > Loans for the period again exceeded 1 million pa
- > Completion of a capital works program to improve amenity at the Albert Park branch, including an upgrade to the main circulation desk and a redeveloped internal courtyard space with drought tolerant planting, as well as extensive decking and seating areas using recycled timber stock.



## Development Compliance

(Formerly part of Community Amenity & Planning Enforcement)

### Service Unit Mission

The Planning Enforcement Unit is responsible for ensuring all development and land use within the City of Port Phillip comply with the Port Phillip Planning Scheme, Planning Permits and the Planning Environment Act 1987. The unit also addresses music noise concerns from licensed premises as part of the council's night life policy.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$193,227)	(\$177,422)	(\$402,044)	Unit has been restructured over the last 12 months
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	Yes	Service delivered at a savings to the council
Number of EFT's	13.2	13.2	4	
Planning Enforcement Inspections (per unit)	\$179	\$206	\$191	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Key Quality Standard Measure from previous annual reports	72%	74%	70%	70% includes other areas of which Development Compliance was grouped with

### Summary of Outcomes for 2006/2007

- > Improvements have been made to systems and procedures to support service delivery
- > Improvements in customer service and Same Day Service have been a focus of the department in an effort to reduce case numbers, case timeframes and increase customer satisfaction
- > Increased relationships with key stakeholders around nightlife issues and collaborations have yielded positive results in addressing music noise issues
- > Increased capacity of unit staff to manage variable workloads in a constantly changing environment.

### Highs and Lows for 2006/2007

- > Unit has gone through a great deal of change over the last year through restructure and staff changes.

## Health Services

### Service Unit Mission

The Health Services unit seeks to provide, maintain and improve public health services in the City of Port Phillip which result in the improved health, safety and well being of the wider community through surveillance, educational and enforcement activities.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$304,204)	(\$361,301)	(\$320,467)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	No	37% under budget due to vacant EFT positions & higher than expected income from fines.
Number of EFT's	N/A	10	10	1 vacant
Inspection of food premises (Food Act) per unit	\$412.55	\$337.61	\$321.74	Higher level of compliance = shorter inspection times.
Immunisation cost per injection	\$11.97	\$15.36	\$16.44	
Cost for food surveillance activity/ registered food premises	\$671.38	\$489.84	\$468.01	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Food Act Compliance – Level 4	70.4%	76.5%	85.03%	
Food Act Minor non-compliance – Level 3	28.4%	22.3%	14.61%	
Food Act major non-compliance – Level 2	1.1%	1.0%	0.36%	
Food Act critical non-compliance – Level 1	0.1%	0.2%	0%	

### Summary of Outcomes for 2006/2007

- > The last 4 years shows a steady increase in food premises compliance with 85.03% now fully or satisfactorily compliant. These results are reported to the council on a monthly basis
- > Customer request results show above 90% for contact within 2 days and above 90% for on-going and regular contact through course of all lodged service requests with the unit
- > Introduction and commencement of Gardisal vaccine program for Year 7, 10, 11 and year 12 students at all schools in May 2007. Planning and training prior to April 2007. Approx 1250 immunised
- > Introduction of monthly early evening immunisation session well attended
- > New contract for syringe disposal services prepared and fulfilled.

### Highs and Lows for 2006/2007

- > Immunisation coverage rates are improving and the factors that affect the reported rates are better understood
- > Food premises inspection results show 85.03% now fully or satisfactorily compliant.



## Animal Management

### Service Unit Mission

To promote responsible animal ownership with the municipality, which includes animal registration, compliance with restricted area requirements, keeping animals under control, and reducing the incidents of dog attacks.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$148,728)	(\$160,380)	(\$230,662)	Registration income was lower than expected.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	No	
Number of EFT's	5	5	5	
Cost per registered pet	\$57.88	\$62.11	\$70.65	
Registration fee – dog min/max	\$22/132	\$22/132	\$22/132	
Registration fee – cat min/max	\$11/66	\$11/66	\$11/66	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Annual community satisfaction survey	88%	No direct research undertaken	70%	The category in the survey includes the generic term of local laws, which covers animal management.

### Summary of Outcomes for 2006/2007

- > Restructure of Animal Management, to report to Coordinator Local Laws
- > Conduct of regular micro-chipping days to encourage identification of animals
- > Agreement with majority of local veterinarians to provide discount micro-chipping for Port Phillip residents
- > Animal Management presence at the RSPCA Million Paws Walk at Albert Park Lake, to provide information regarding animals within the municipality.

### Highs and Lows for 2006/2007

- > Registrations were only marginally higher than for the previous year, and this is a priority area in the future
- > The Infringements Act has meant a more simplified process for dealing with unpaid infringements, which will save significant officer time.

## Parking Systems

### Service Unit Mission

This service is part of the Parking Management system that aims to maximise available parking spaces through charging, rationing and enforcement. The primary roles of these services are focused on; timely, efficient and effective processing of parking fines and timely, efficient maintenance of parking machines and auditable collection of money from those machines.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	\$14,551,757	\$14,915,839	\$15,841,50	Infringements Court Debt as at 30/06/07 was \$14.55M, which impacted on Infringements Court Doubtful debt and Infringement Court Income Accrual. History data indicates the likelihood of recovery reduces with ageing of debt.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	No	
Number of EFT'	1.66	1.66	1.66	
Coin Collection (Machine Unit cost)	\$7.02	\$7.02	\$7.02	
Parking Machine Maintenance (Machine Unit cost)	\$106.40	\$106.40	\$110.78	Increase in Unit Cost due to increased vandalism resulting in additional parts accrued.
Parking Administration (Unit Cost)	\$4.75	\$5.60	\$5.82	CPI Increase in Unit Cost in accordance with price and payment schedule.
Parking machine tariff per hour	\$1.40 to \$2.50 per hour	\$1.40 to \$2.50 per hour	\$1.20 to \$3 per hour	South Melbourne Central On-Street Parking Management Improvements introduced during year with a hourly tariff of \$1.20.

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Infringement withdrawal rate	12.39% Target Less than 8% of appeals	9.4% Target Less than 11% of appeals	14.5% Target Less than 11% of appeals	14.5% refers to total closures and consists of 8.13% of withdrawals for appeals received and is continuing to reduce each year; 4.6% for infringements that are closed due to a different driver nominations and 1.77% for infringements that expired due to introduction of Infringements Act 2006 which reduced statutory life cycle of infringements to be lodged in court from 12mths to 6mths.

### Summary of Outcomes for 2006/2007

- > Parking machine repairs and collections are conducted in a manner that ensures Same Day Service
- > Parking infringement appeals are reviewed to ensure fairness and equity but within guidelines established by council
- > A 24/7 call-centre operates to accept parking machine fault calls.

### Highs and Lows for 2006/2007

- > Pay parking income exceeded forecast for period 2006/2007 in an area that historically can be severely impacted by weather conditions
- > New parking machines with communications back to a remote desktop connection have continued to ensure greater audit control and fault identification. 42% of machines have now been installed with this capability
- > Infringements debt continues to remain constant albeit slightly reducing during the financial period. To date the sanctions available to the Sheriffs Office as a result to the Infringements Act 2006 have not improved the recovery of the outstanding debt.



## Parking Enforcement

### Service Unit Mission

The City of Port Phillip's Parking Enforcement Service aims to support council's objectives in the management of parking resources to encourage turnover of traffic, safety of road users and protection of the amenity of the municipality.

Also to act in a way that reflects the council's commitment to service culture and sustainable transport initiatives.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$2,096,870)	(\$2,170,451)	(\$2,012,571.70)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	
Cost per infringement issued	\$11.23	\$11.23	\$8.28	
Cost per vehicle towed	\$299.16	\$272.00	\$272.00	
Cost per school crossing	\$5,312	\$6,351	\$7,249.67	
Release fee—towed vehicles	\$275	\$275	\$275	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Percentage of Appeals to Withdrawal of PINs issued	12.39%	12.84%	14.91%	Note the withdrawal rate is a combination of infringements withdrawn as a result of appeal and those that have been closed due to nomination of a new driver and interstate vehicles that cannot be lodged in Court. Actual withdrawal of infringements against appeal is <10%. In addition to this the introduction of the Infringements Act 2006 reduced that statutory time of PIN's from 12mths to 6mths.

### Summary of Outcomes for 2006/2007

- > Enforcement of parking road rules & council controlled areas in line with council parking policy and service plan
- > Response to complaints & requests favourably reported in annual research
- > Towing or removal of 90% reported derelict and abandoned vehicles within three weeks
- > Increased commitment to the provision of reserve parking for residents, traders and commercial operators.

### Highs and Lows for 2006/2007

- > PIN productivity has increased by 2,802
- > Increased reporting of faulty/vandalised ticket machines and missing/defective signs have affected the percentage of Appeals to withdrawal of PINs issued
- > Effective response to after hours complaints from the community on a 24/7 hour basis.



## Sustainable Transport

### Service Unit Mission

To develop a strong team and organisational culture which is most effective and efficient in encouraging the community to exchange some of its private vehicle trips to walking, cycling and public transport and to do so safely.

Broadly, this will be achieved through the application of four principles:

- > Ensure priority
- > Increase connections
- > Improve safety, and
- > Raise profile of these sustainable transport modes.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	\$73,600	\$421,973	\$644,236	Higher than expected parking permit applications and lower expenditure.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	Yes	Yes	Exceeded.
Number of EFT's	8.2	8.2	7.2	
Parking permit fees	\$50 / \$80	\$52 / \$84	\$52 / \$84	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Community satisfaction survey: "Safety for pedestrians & cyclists"	54%	48%	55%	Improving.
Community satisfaction survey: "Ease of travelling around the area"	63%	57%	57%	

### Summary of Outcomes for 2006/2007

- > Responsiveness to community needs
- > Stakeholders include residents, visitors, commuters, businesses, the transport industry, and other council service units, State and Federal Government, other LGA's
- > Access to a safe, effective and efficient transport system
- > Same Day Service response
- > Regular consultation processes in place
- > Annual NWG customer satisfaction surveys
- > Street and precinct traffic and parking management issues, as they arise and street and precinct on road event management
- > Neighbourhood forums
- > Statutory planning application processes, i.e. objector / public meetings.

An informal process to more effectively understand and measure the success of the unit is being developed. It is expected a number of indicators around walking, cycling, public transport use as well as car use will be developed.

Some SCPI will be refined and added to.

### Accessibility

- > Office times are standard council office hours
- > Written and website information is available for the public on most areas of the service
- > A Business Support Officer is always available to respond to enquiries
- > The 'Streets for Living' campaign will provide additional information
- > Response times for specific services vary.

### Highs and Lows for 2006/2007

- > The year included some major new walking, cycling and public transport infrastructure including Fitzroy Street / Park Street, Victoria Avenue / Merton Street / Bridport Street and Victoria Avenue terminus platform tram stops, implementation of 'Greenlight' pedestrian improvement initiatives at a number of busy signalised intersections, Beach Road bike lanes and 'Copenhagen' style bike lanes adjacent to South Melbourne Market, pedestrian improvements in Shelley Street at Elwood Community Hub and intersection Broadway / Glenhuntly Road.
- > Education and promotional programs continued in primary schools as did support for car share clubs and Walk & Talk program
- > Feasibility studies for two tram links, Park Street SM and St Kilda to Port Melbourne Foreshore routes were conducted
- > Challenges continue in the key areas of:- influence – how can we best influence behavioural change in the community; road space allocation – towards more walking, cycling and public transport facilities, and effective measurement of the Sustainable Transport Service – How do we know we are adding value, and getting better at what we do?



## Community Health and Development

### Service Unit Mission

The Community and Health Development team supports the ongoing development and implementation of the city's Healthy and Safer Cities Plan. We aim to build working partnerships with individuals and groups across council and the broader community to continuously promote and develop healthy and safe local living environments that improve the length and quality of life of our city's residents.

We aim to improve our residents' quality of life primarily by increasing social cohesion, stimulating meaningful community involvement and action, and using the real needs and experiences of our community's members to inform and influence public policy.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$329,000)	(\$446,000)	(\$471,000)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	No	\$65,000 remained in the budget due to an unspent BSO allocation from the previous year and \$40,000 of extra grant income.
Number of EFT's			3.6	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Life Expectancy Women (years)	82	82.5	82.5	No update provided in 2006/07.
Life Expectancy Men (years)	76.6	77.7	77.7	No update provided in 2006/07.
Total Crime (per 100,000 people)	15,145	13,683	13,420	2005-06 figures were adjusted up since last report.
Perception of CoPP as more safe or same compared to 5 years ago	76%	79%	79%	
% of residents who know more than 4 neighbours	52%	57%	54%	

### Summary of Outcomes for 2006/2007

- > We work closely with a wide range of community members on many projects. Every project involves community partnerships and has community members overseeing and guiding the projects' development
- > We are involved with many local networks that keep us in touch with relevant issues in the community
- > Our work and the local topics we work on is evaluated by multiple methods. This provides us with valuable feedback on the quality of our work and the areas that we need to improve.

### Highs and Lows for 2006/2007

- > We conducted extensive community consultations with more than 1100 people in the City of Port Phillip, including many from marginalised groups to obtain a rich understanding of our community's living conditions in 2006/2007
- > We used this information in conjunction with local and international research to develop a new version of the council's Health & Wellbeing Plan
- > We hosted a new theatrical educational walking tour on the life of street sex workers called Habits of the Heart which attracted huge crowds and excellent feedback
- > Projects such as StreetLife street parties, City of Port Phillip's Liquor Licensing Accord and Smiles per Hour continued to grow stronger and attracted attention from near and afar.

## Economic Development Unit

### Service Unit Mission

To add value to the community by facilitating business partnerships and supporting innovation and prosperity. The Economic Development unit delivers services and projects for the council and businesses including business development programs, networking events, business advocacy, management of marketing and promotions levies, research and analysis of local business issues and the administration of footpath trading services.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	N/A	N/A	\$13,000	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved				
Number of EFT's			05.8	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Percentage of customers who believed services were excellent or good	91%	87%	83%	

### Summary of Outcomes for 2006/2007

- > Delivered first survey of local businesses
- > Participated and developed the council's response to IMAP initiatives as they relate to Economic Development
- > Successful delivery of the annual business awards program
- > Successful delivery of the annual business breakfast program
- > Successful delivery of the footpath trading service achieving incomes over target
- > Continued growth in business customers in database
- > Increased levels of visitation to City of Port Phillip's business website
- > Ongoing advocacy between council and business and business to council.

### Highs and Lows for 2006/2007

- > Interest continues to grow from local business about the services provided to assist them. This is evident in both attendance to events and awards programs where over 1,000 people attended events in the last year
- > Our business data base continues to grow as a result of this interest and now includes over 3,000 businesses wanting to know more about how their local council can support them in doing business.



## Statutory Planning

### Service Unit Mission

The role of the Statutory Planning Department is to provide an approvals service in a city which contains a wide range of land uses and developments, extensively within an important heritage context.

The community expects planning to maintain the character and amenity of the municipality, whilst enabling high quality design changes to the urban fabric and promoting ESD principles. Further, the community expects planning decisions to meet legislative requirements and satisfy the council's strategies and policies.

In the next five years, our role will become even more important as we manage change in the context of Melbourne 2030, whilst continuing to provide a responsive service which is timely, coordinated and integrated.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,139,050)	(\$955,068)	(\$901,966)	Under budget due to lower than anticipated legal representation.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	No	Yes	No	
Key Fees and Charges	<i>Fees and charges are set in accordance with the Planning and Environment Act</i>			

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Community Satisfaction – overall performance	Indexed mean 57/100 Improvement	Indexed mean 59/100 Improvement	Indexed mean 55/100 Declined	
CRM requests – average days to close	4.6 Improvement	5.9 declined	5.1 Improvement	

### Summary of Outcomes for 2006/2007

- > External review of service quality by Wallis Consulting Group
- > Improvements to Pathway
- > Completion of guidelines for design and decision-making with regard to laneways in the City of Port Phillip
- > Review of the Sustainable Design Scorecard.

### Highs and Lows for 2006/2007

- > Restructure of Planning into two new streamlined neighbourhood teams
- > Maintaining service despite staff shortages and during high demand for involvement in organisational matters.

## Strategic Planning

### Service Unit Mission

The Strategic Planning Unit develops policy and strategies to influence the achievement of:

- > vital activity centres
- > sustainable access and movement
- > 'liveability' of residential neighbourhoods
- > viable business clusters
- > enhanced quality of the public realm and 'sense of place'
- > environmentally sustainable living / working
- > integrated place management of key areas of change
- > a sustainable future for the city
- > maximum community benefit.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$681,531	(\$877,635)	(\$740,722)	Under budget due to project delays and savings in professional services.
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	No	Yes	No	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Effective procedures for Planning scheme Management	Continuous improvement of planning scheme procedures to improve practices and to respond to legislative changes. Feedback sought from internal and external stakeholders on specific projects at key stages and as necessary.			
Community Satisfaction	Community feedback undertaken through Statutory processes and at defined key points in project development			

### Summary of Outcomes for 2006/2007

- > Tailored consultation on projects to engage community
- > Communication plans developed for major projects
- > Feedback sought from internal stakeholders
- > Briefings to Statutory Planning as required
- > Regular communication with key internal stakeholders.

### Highs and Lows for 2006/2007

- > Progress on developing the affordable housing overlay (inclusionary zoning) proposal under IMAP and Inner Regional Housing Statement
- > Woodstock rooming house project wins 3 design awards for urban design, interior design and multiple housing
- > Completion of the restructure of the Port Phillip Housing Program by transferring most council owned assets to the Port Phillip Housing Trust
- > Completion of the Ormond Road Urban Design Guidelines and exhibition of Amendment to the Planning Scheme
- > Completion of the draft Housing Strategy 2007
- > Completion of the Activity Centres Strategy (Implementation Plan)
- > Completion of the MSS Audit (in consultation with council staff and DSE) and completion of the draft MSS and Local Policies for exhibition
- > Completion of South Melbourne Central documentation for final approval by the Minister
- > Completion and gazettal of three Heritage Amendments - C32, C46 (East St Kilda) and C54 (Elwood).



## Building

### Service Unit Mission

The Building department provides services to protect the safety of the public and built environment in the City of Port Philip. The Building department provides a competitive and professional building approvals service in the municipality.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council			(\$333,307)	The budget for this unit has been revised and restructured. Cost to the council can now be established and will be reported.
<i>Key Cost Standard Measure from previous annual report</i>	<i>Fees and charges are set in accordance with the Local Government and the Building Act. The overall operation is tested each year against the market.</i>			

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Decision making to be compliant with relevant Building legislation	100%	100%	100%	
Customer Requests (CRM's) – percentage of requests that escalated	10%	19.8%	7.4%	

### Summary of Outcomes for 2006/2007

- > Building Solutions aim to have all applications lodged on the day or the day after the application is received
- > Clients are provided with a detailed report within 7 to 10 working days, of receiving an application
- > All staff are either Registered Building Practitioners or members of the Australian Institute of Building Surveyors
- > All staff attend regular industry seminars or other training, to ensure up to date knowledge
- > Substantial update to forms, applications, processes and procedures, including the website. We have improved the accessibility of information and ensure it is up to date
- > We have improved audit processes that ensure buildings in the city are safe, and that the occupants of buildings are not at risk.

### Highs and Lows for 2006/2007

- > New Municipal Building Surveyor appointed
- > Maintained high level of service despite staff shortages
- > Maintained high level of service during high demand for involvement in organisational matters
- > Review of Building Units operations, has resulted in the cessation of externally issued permits.



## Sustainable Environment

### Service Unit Mission

The Sustainable Environment unit in recognising the complexity of the Port Phillip environment endeavours to holistically pursue environmental issues through understanding legislation, creating environmental management and planning systems.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net cost to the council	(\$300,200)	(\$287,000)	(\$382,887)	
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	Yes	
Number of EFT's	3	3	4	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
Sustainable Living at Home – Measurement development	Developed Hierarchy Program evaluation framework	Applied evaluation framework to program design resulting in higher retention rates	N/A	Program did not run in 2006/07.
Water Management Action Plan	74%	63%	N/A	Management plan under review.

### Summary of Outcomes for 2006/2007

- > Improvement to the Sustainable Living at Home program has been sought by undertaking an in depth and long term evaluation of the impacts of the program on its participants
- > The council's Shower Head Exchange program for residents to provide water efficient showerheads is targeting older adults through the home care program
- > The community is consulted on environmental issues through the Sustainable Environment Consultative Committee meetings
- > Achievements are reported in the Council Plan, Diversity and Annual report, as well as events like the Community Summit and the World environment day forum.

### Highs and Lows for 2006/2007

- > Enabled the city to become the first level of Government in Australia to complete a comprehensive Climate Change Risk Assessment, through the documents "Climate Change an Initial Perspective" and the NATCLIM report", that will guide the council in preparing for the varied and potential severe impacts of Climate Change
- > Outlined the cities vision for a Sustainable future in "Toward Zero", which set targets for the nine key sustainability challenges.



## Social Planning, Community Development and Indigenous and Multicultural Services

### Service Unit Mission

The Community Development department represents council's commitment to building and strengthening community capacity at both an individual and community service sector level. We seek to understand, plan and provide advice on the needs and priorities for the whole community, as well as deliver targeted services. This includes their life stage needs and priorities, their social, health/wellbeing and their cultural needs and priorities. The department seeks to strengthen and support the community to accept and value diversity and to address inequity and disadvantage through a wide variety of community engagement processes.

### Cost Standards

Standard	2004/05	2005/06	2006/07	Notes
Service Unit Net Cost to the council	(\$1,017,570)	(\$717,000)	(\$717,142)	2006/07 includes Social Planning and Policy (which is made up of Community Facilities and Multicultural Liaison) and, Community Development Policy and Programs (which also has the Indigenous Programs).
Target	+/- 5%	+/- 5%	+/- 5%	
Achieved	Yes	No	No	
Number of EFT's	5.4	5.5	7.1	

### Quality Standards

Standard	2004/05	2005/06	2006/07	Notes
KPI and project milestones met	97.2%	95%	87%	

### Summary of Outcomes for 2006/2007

- > Endorsement by the council of the Multicultural Strategic Framework that recognises and values cultural diversity; improves service delivery; and increases community participation
- > Transfer of lease and hosting arrangements of Alma Road Community Centre to Port Phillip Community Group completed
- > 101 community projects funded as per Community Grants Scheme priorities enabling community participation of 24%
- > Annual community panel evaluation of grants process resulted in adopted recommendations for continuing improvement and three projects transferred to service agreements with the council
- > Advisory and steering groups regularly consulted with and inform the council on progress: Indigenous Forums and Port Melbourne Family & Children's Hub Steering Group
- > "Port Phillip Gives" Website developed to facilitate donations of time, money and goods between residents and community groups. The council's existing "Community Group Resources" web pages consolidated as a "Community Resources Toolkit" within the Port Phillip Gives Website.

### Highs and Lows for 2006/2007

- > Redevelopment of the Middle Park Community Centre
- > A successful delivery of the 2006 Seniors Festival with over 160 attendees at events staged throughout the municipality
- > The 'Celebrating our Diversity' postcard campaign was launched in March 2007 and we have received 109 signed postcards. In April, an on-line version of the petition was made available to the broader public. Since its launch, we have received 93 on-line signed petitions
- > The Community Services Strategic Planning Forum was held on 17 May 2007. 19 leaders of local organisations attended the forum including State and Federal Government representatives
- > Three Citizens of the Year and one Civic Project of the Year awarded
- > Opening of Port Melbourne Family & Children's Hub
- > Two Indigenous Forums held on economic development and the arts industry
- > Since "Port Phillip Gives" website launch in May, total number of donations to community was 239 transactions with a total value of \$21,044.

