



2003 - 2004 Annual Report



This information is provided by the City of Port Phillip to inform residents about council services and responsibilities. For a translation of this information contact the council's interpreter service.

For a translations in community languages call the following numbers

Cantonese 9679 9810

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About this Report

This is the tenth annual report produced by the City of Port Phillip. It is an opportunity for us to reflect on where we have been over the past year and celebrate our achievements.

We are committed to providing open and transparent reporting to the community. We are also committed to meeting all our statutory reporting responsibilities. This includes responding to the Local Government Act 1989 and the Local Government Regulations 2001, which outline what is to be contained in the annual report.

To meet our statutory obligations, this annual report contains an account of the council's operations during the financial year. This includes a review of the council's performance against its corporate/council plan. The report also contains standard statements, financial statements and a performance statement, which have been audited by the Victorian Auditor General.

A copy of the annual report is sent to the Minister for Local Government and is then presented to the councillors and community at a meeting of the council.

The City of Port Phillip also produces an annual snapshot, which summarises the council's activities and achievements from each financial year (July to June). This annual snapshot is distributed across the municipality with the council's community newsletter Divercity and is forwarded to ratepayers who do not live in the municipality by mail.

For a copy of the annual snapshot or additional copies of the annual report, contact the council's ASSIST Centre on (03) 9209 6777 or via email at assist@portphillip.vic.gov.au.



The Mayor

This annual report will not win a prize. It is not in full colour and inflated corporate promotion is not in evidence.

While we are deeply proud of Port Phillip, a glossy annual report is of little value to the organisation or the Port Phillip community. Instead, we are committed to telling it like it is, in as simple a way as possible.

We have a statutory obligation to produce an annual report and to include in it specific information. We have done this. We have also included other information that backs up our commitment to providing open and transparent reporting to the community. However, we are not going to pretend that everyone is going to find this information interesting.

An annual report is also an opportunity for us to report on whether we've done what we said we would do. This annual report will tell you about some of the great things that have happened over the past year, including sustainable transport initiatives, St Kilda's Edge, drainage renewal and our achievements in housing.

We make sure our community is informed about what's happening and what we have achieved throughout the year. We use our community newsletter (Diversity) and Port Phillip Online (www.portphillip.vic.gov.au). Please feel free to refer to these sources for a full rendition of the Port Phillip story.

In late 2004, we will be producing an annual snapshot to summarise our achievements and financial performance in the 2003/2004 financial year. We will be distributing this snapshot widely, including mailing it to ratepayers who do not live in Port Phillip.

In the meantime, welcome to our non-prize winning annual report!

Councillor Dick Gross
Mayor



The Chief Executive Officer

The last 12 months have seen significant progress on several major planning issues, notably the St Kilda foreshore, South Melbourne Central and the Port Melbourne Station Pier precinct. Plans for the redevelopment of the St Kilda Town Hall have also progressed and have been exhibited in readiness for the formal town planning application. The redevelopment will allow for an increasingly flexible and networked office, staffed by skilled professionals delivering services in a team based environment. This project has been fully funded in council's forward estimates and, in conjunction with the upgrade of the South Melbourne Town Hall, completes council's plans for long-term viable uses of all three town halls.

In October 2003, we opened the new Port Melbourne library branch in the Port Melbourne Town Hall. This development demonstrates council's commitment to locating community and information centres in 'community hubs' in most neighbourhoods in Port Phillip.

The financial capacity of local government continues to be a major issue of concern to the council. I am working with other local government chief executive officers across Australia to improve funding relationships between the three levels of government and eliminate significant cost shifting from other levels of government. Considerable effort has also been devoted to arguing for improved funding of council's home and community care services.

The population in Port Phillip has increased. This poses particular challenges in a highly developed urban environment such as Port Phillip. Demand on services provided by council, including waste management and recycling, has grown. Our service levels have risen in response to increased

population and demand levels. Expectations for service and the complexity of issues involved also require a high level of skilled problem solving by staff. Considerable effort is devoted to training and supporting staff to be able to respond flexibly and sensitively to these demands.

This year's community satisfaction survey shows continuing improvement in service delivery across the board. Unfortunately the results continue to reflect lower scores for traffic management and planning, where there are frequently 'winners' and 'losers' in the outcomes of decisions.

The council's financial position is positive. Last year a small surplus was delivered in line with budget and the overall net financial result was within the range of reported results.

A number of significant changes to the *Local Government Act* were made during the year. These changes affected financial management and reporting, organisational planning, and various governance matters including council record keeping. Several other important legislative changes commence in the 2004/2005 financial year.

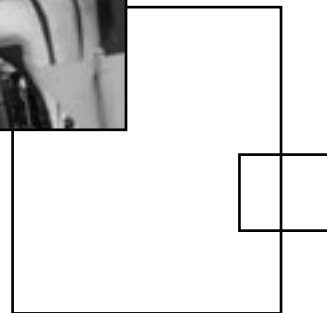
A handwritten signature in black ink, appearing to read 'D. Spokes'.

David Spokes
Chief Executive Officer



Snapshot

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The City

A municipality on the north eastern shores of Port Phillip Bay, the City of Port Phillip covers 20.4 square kilometres, and is one of the oldest areas of European settlement in Melbourne. Port Phillip is known for its many dynamic urban villages and a foreshore that stretches for over 11 kilometres, incorporating several of Melbourne's most popular beaches. It also features some of Victoria's most celebrated and innovative cultural events, recreational facilities, restaurants and entertainment venues.

The Port Phillip community comprises many different cultures, religions, nationalities and socio-economic backgrounds, with one third of the population having been born overseas, primarily in the United Kingdom, the former USSR, Greece and Poland.

Like its community, the urban character of the City of Port Phillip is marked by a richness of diversity. The mix of residential neighbourhoods, urban centres, industry, business and leisure attractions offer amenity, interest and choice. The municipality is also host to many magnificent heritage buildings, and beautiful parks and gardens.

The municipality experienced a significant amount of residential development in the 1990s, particularly in areas close to the foreshore, and is well served by 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 precinct, and industrial, warehousing and manufacturing districts in South Melbourne and Port Melbourne.

Port Phillip is well served by public transport, featuring a substantial tram network, the St Kilda and Port Melbourne light rail lines, and two train stations on the Sandringham rail line.

More information about Port Phillip including maps, local history, a community profile, 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.

The Services

The City of Port Phillip provides an extraordinary breadth and depth of services for the city's residents and countless visitors and workers.

The council has responsibility for services under the ground (drains), on the ground (roads, kerbing, nature strips, footpaths and garbage collection), and above the ground (libraries, art spaces, parks and beaches, and street lighting, furniture, and trees).

The organisation keeps 9.3 kilometres of beach clean and safe. Over a year, it empties 19,000 tonnes of garbage from 32,000 bins, and collects 3,863 tonnes of recyclables (glass, plastic and metal) and 5,120 tonnes of paper and cardboard. It also maintains an extensive network of roads, drains, and footpaths, including 222 kilometres of roads.

Support services are provided for all aspects of life (health and residential, education and recreation) at all stages of life (new-born babies, children, youth, family, adult and aged care). For example, the council's home care workers commit 61,300 hours to elderly and disabled people.

The council also monitors and directs development in the city, handling 180,000 queries on planning and managing 1,700 planning applications. It offers \$413,000 in community grants each year and advocates on the community's behalf to other levels of government to provide funding to maintain further services and facilities to ensure Port Phillip's amenity is maintained.

Capital Works

In 2003/2004 the City of Port Phillip directed over \$16 million towards the improvement, maintenance and creation of everyday conveniences such as roads, footpaths, drains, parks and open space and street furniture. The scope of these projects took in everything from horticultural maintenance, planting, and project design and management, to masterplan implementation, construction and community consultation.

This is a snapshot of some capital works projects completed in 2003/2004:



Alma Park

East St Kilda Neighbourhood

Extensive consultation with residents, the Victoria Police and park users has led to changes to the lighting within Alma Park in East St Kilda.

This includes the replacement of aged lighting infrastructure along the central path and the installation of new feature lighting at intervals along the path. Two tall palm trees, a significant cypress tree and other plants of interest are also up-lit at night. The new lighting utilises modern, efficient, metal halide lamps which provide true colour rendering, increasing the sense of safety for park users.

Bowen Crescent Reserve

St Kilda Road Neighbourhood

Bowen Crescent Reserve at the corner of Queens Road and Kings Way has been transformed from a dark, dusty and often forgotten corner of the city into a revitalised open space. Visibility and safety have been improved through the removal of unsuitable trees and shrubs and the installation of lighting, including up-lighting of the Morton Bay fig trees. Large curved concrete seat walls dotted with trail lights have been installed and there are new park seats, bins and a barbeque. Water conservation has been maximised through the use of drought tolerant plants and a granitic gravel surface that eliminates the need to irrigate large lawn areas.

Catani Gardens

St Kilda Neighbourhood

The second stage of works under the Catani Gardens Conservation Management Plan was completed. This included reinstating heritage path alignments and reconstructing the central path, new brick edging and park furniture, and treatments to ensure that stormwater ends up on the grass rather than in the bay.

Drainage Renewal

In 2003/2004 nearly \$280,000 was spent of drainage renewal in Port Phillip. The drainage network in Port Phillip collects the stormwater that runs from private property, roads, parks and buildings and transfers it to Port Phillip Bay. Some

of the drains in the city are quite new, others are up to 100 years old. A study of the city's drains has been undertaken to identify which drains need to be upgraded, replaced or are in good condition. The council uses this study to help prioritise which drains are upgraded as part of the capital works program.

Elwood Beach House Playground

Elwood/Ripponlea Neighbourhood

The \$100,000 upgrade of the Elwood Beach House Playground incorporates as much of the original artists' play equipment as possible and retains natural play elements such as trees and mulch. Additions include a custom made timber boat with a "walk the plank", new timber decking, timber seating and railings, paths and a crawl slope for toddlers. There are also new swings and rockers, spinning equipment, climbing nets and sand for soft fall areas.

Footpath Improvements

In 2003/2004, \$600,000 was spent resurfacing approximately 20,000 square metres of footpath and a further \$300,000 to improve isolated sections of footpaths. This has led to smarter, safer footpaths. TripStop strips, a rubber joint inserted when footpath concrete is being poured, have been used in some locations. This allows the footpath to flex with earth movement or the invasion of tree roots, avoiding the possibility of misaligned slabs and reducing the incidents of pedestrians tripping on uneven concrete. In other locations, tree boxes with root barriers have been installed around existing trees to minimise root damage to footpaths.

Graham Street Skate Park

Port Melbourne Neighbourhood

A community meeting inspired the Graham Street Skate Park, located near Hester Reserve in Port Melbourne. Specialist skate park designers designed the skate ramps, with input from the city's young people. The resulting facility, with grinding areas, quarter pipes, flat banks and fun boxes, caters for a variety of skill levels and is a welcome addition to youth recreation opportunities in Port Phillip.



Litter Traps

Albert Park/ Middle Park Neighbourhood

Two new litter traps have been installed in the Harold and McGregor Street drains in Albert Park. The litter traps, costing \$100,000 each, play a key role in preventing litter from escaping into the bay and parts of the Albert Park Lake. The traps are emptied on a regular basis. Anything larger than two millimetres in width is caught by the traps, including cigarette butts.

South Melbourne Market

South Melbourne Neighbourhood

A \$5 million upgrade at the South Melbourne Market was approved. The market will retain its authentic image and the upgrade will assure the future of the market, while retaining its character, feel and atmosphere. It will be “business as usual” during the construction phase, with permanent stallholders being guaranteed a place in the upgraded layout. The market will continue to be a market for the community, full of local characters, friendly stallholders and plenty of bargains. In 2003/2004, nearly 80% of Port Phillip residents visited the South Melbourne Market and the market was also the first in Victoria to receive waste Wise certification from EcoRecycle Victoria.

Awards

In 2003/2004, the City of Port Phillip was very proud to win the finals at the Nations in Bloom awards (Category C – cities with a population of 75,000 to 200,000 people) – the world’s only international competition addressing the management of the environment, enhancement of quality of life and community wellbeing. Nations in Bloom is endorsed by the United Nations Environment Program. An international panel of world-renowned experts judged the awards. The judges were impressed by the lead role the council has taken in creating a sustainable city for today’s and future Port Phillip communities. This included: our Cities for Climate Protection and Sustainable Living At Home (SLAH) programs; commitment to reducing dependence on car use; water saving initiatives; maintaining cleaner beaches and bay; and management of our parks and open space.

Other awards won by the City of Port Phillip throughout 2003/2004 include:

- Eli Lilly Australia 2003 Partnerships in Wellbeing Award – awarded to the RAG (Recreation Access Group) Theatre Troupe, for initiatives which increase community participation by people who have mental illness
- Planning Institute of Australia (Victoria) Awards 2003 – winner, local government planning process category, for the FastTrack planning permit system
- Planning Institute of Australia (Victoria) Awards 2003 – commendation, community planning category, for the redesign of contested public places (Talbot and Duggan Reserves in St Kilda)
- Australian Institute of Landscape Architects Awards 2003 – commendation award, landscape management category, for the Elwood Canal management plan
- Australian Institute of Landscape Architects Awards 2003 – merit award, public open space and recreation facilities design category, for Hewison Reserve
- National Awards for Excellence in Community Housing 2003 – high commendation, innovation category, for the Inkerman Oasis development
- EcoRecycle Victoria - Waste Wise accreditation for the South Melbourne Market
- Sir Rupert Hamer Records Management Awards 2003 – winner, local government authorities category, recognising excellence and innovation in records management within the Victorian public sector
- LGPro Awards for Excellence 2004 – finalist, innovative management initiative, for the corporate plan 2003-2006

Commitments

Community Vision

Our vision for the City of Port Phillip is of a city where diversity and harmony are sustained and encouraged. A place where all members of our community feel connected through a sense of belonging and pride in our city. There is a shared responsibility to ensure all people, regardless of age or of cultural and socio-economic background enjoy the benefits of 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. We take pride in the responsibility we have for our environment and shall be seen as leaders in the field of environmental management.

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 a city, which has dynamic neighbourhoods with distinct character and unique identities; a city within which we can move freely and safely. We see our local council as a leader in its field, particularly in the areas of community consultation and communication, strategic planning, financial management and implementing the community's wishes.

We envisage that our city's services match the people's needs, are innovative, responsive and continually improving. Our services are wide ranging and address the needs of our community on a physical, human and cultural level.

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

(Adopted by the City of Port Phillip council on 28 July 2003)

Community Plan

In 1997 the council developed a community plan in partnership with the Port Phillip community. The City of Port Phillip's community plan set out the community's vision and key priority areas for the next 10 years.

The community plan guides the council's planning and services delivery and is translated into the

organisation's council plan and annual service plans and budgets. It is also a reference for the council's sustainable community progress indicators, which were developed to track our progress towards becoming a more sustainable community.

In 2003 the council undertook a major consultation exercise to find out whether the Port Phillip community felt that the vision developed in 1997 was still relevant. This consultation process was important to help understand how we, as a community and council together, should focus our energy, efforts and resources from now until 2007.

As a result, the council was able to modify and update the community vision to reflect current thoughts and opinions. The council also adjusted the ranking for the 14 key priority areas and refined the goals set out in these areas.

Council Plan

What was once known as the City of Port Phillip's corporate plan has now been 'rebadged' as the council plan.

The council plan outlines our four main goals, strategic objectives and strategies for achieving the objectives for the next four years. A summary of the council's strategic resources plan is also included in the council plan. The strategic resource plan explains how we will allocate our financial and non-financial resources to achieve our strategic objectives. The council plan also lists, from our 2004/2005 budget, the major initiatives and 10 key strategic activities with performance targets and measures.

In short, the plan sets out what the councillors and community expect the City of Port Phillip staff to do on their behalf over the coming year.

With council elections in November 2004, the newly elected council will prepare another four year council plan before the end of June 2005.

Looking back, our performance against the commitments made in our 2003/2004 corporate plan is demonstrated in a number of ways throughout this annual report. The highlights table summarises our performance at a glance. The performance statement reports on the highlights from the 2003/2004 business plan, selected to represent a cross-section of priorities for the organisation in the 2003/2004 year. Other achievements are outlined in the key projects section, which profiles some of these achievements in more detail.



Highlights

This table is a snapshot of the council's performance during 2003/2004.

Further information and supporting data and evidence is available elsewhere in this report and on the council's website at www.portphillip.vic.gov.au.

Information on corporate/council plan indicators is also available on the council's website.

	Economic Viability	Environmental Responsibility
Goals	To promote effective stewardship of the city's resources and promote positive economic development within Port Phillip that supports the council's social, cultural and environmental goals.	To place a minimal and balanced load on our environment while recognising that the city is highly complex, urbanised and altered.
Outcomes	The council has: furthered the accommodation strategy; delivered sustainable savings; drafted an economic development strategy; followed up opportunities arising out of Melbourne 2030; and is responding to problems on the same day.	The council has: promoted sustainability in the way we manage public places and development approvals; actively encouraged sustainable transport; undertaken a water campaign; improved its approach to noise issues in entertainment precincts.
Outputs	Highlights planned- 37 Highlights completed – 29* Some examples: <ul style="list-style-type: none"> • 83% community satisfaction rating on the council's interaction and responsiveness in dealing with the public • 4 new on-line services • Favourable recommendation from federal government inquiry into cost shifting 	Highlights planned- 23 Highlights completed – 18* Some examples: <ul style="list-style-type: none"> • \$21 million capital works program implemented • 25 communication pieces on capital works • Lighting strategy finalised
Way Forward	In 2004/2005 the council will focus on: <ul style="list-style-type: none"> • Service and organisational effectiveness - providing same-day-service to our community, building works at St Kilda Town Hall, reducing cost shifting to local government • Economic development – South Melbourne market building upgrades, Sustainable Port Phillip and government relations • Tourism – State support for the St Kilda festival, researching tourism opportunities, St Kilda's Edge implementation and planning for the 2006 Commonwealth Games 	In 2004/2005 the council will focus on: <ul style="list-style-type: none"> • Community leadership on environmental outcomes - improvements to water quality and litter contamination in the Elwood Canal • Environmental council services – hard and green waste, new parks and open space contract, sustainable design • Environmental management – noise management, greening Port Phillip, capital works • Sustainable transport – sustainable transport policy and advocacy, improvement to public transport infrastructure

* the highlights not completed were not delivered due to events beyond the council's control, change in the scope of the highlight and changes in internal priorities



Cultural Viability	Social Equity	
To support the conditions that allow all communities within Port Phillip to experience and enjoy diversity of values, beliefs and aspirations.	To develop resilient and fair communities by ensuring residents are effectively and appropriately supported in accessing services and resources in the city.	Goals
The council has: lifted the profile of council services; advocated for more effective use of Albert Park Reserve; conducted a cultural vitality symposium; refocused the council's festival framework; and is implementing the Arts Plan and governance review recommendations.	The council has: promoted the community hubs policy; opened the Port Melbourne Library; progressed the sustainability of its housing program; improved the effectiveness of the pensioner rate rebate scheme; diversified the meals program; and is implementing the disability action plan.	Outcomes
Highlights planned- 31 Highlights completed – 31 Some examples: • 8 community celebration proposals funded • 68% community satisfaction rating on town planning policy and approvals	Highlights planned- 27 Highlights completed – 24* Some examples: • 12 priorities from the healthy and safer cities plan and the local drugs strategy implemented • 11 local community celebrations sponsored • 3 gentrification forums held • Model and site for the Elwood child, family and council services hub agreed	Outputs
In 2004/2005 the council will focus on: • Local culture – Albert Park Reserve Memorandum Of Understanding, South Melbourne Town Hall as a community service and civic hub, community interaction • Community governance – neighbourhood forums, community consultation, communications • Port Phillip Heritage – Inner Melbourne framework and action plan, activity centres, South Melbourne structure plan, Port Melbourne waterfront and Princes Pier precinct, nightlife activities and arts plan	In 2004/2005 the council will focus on: • Universal services – child care contribution determination, community school yard initiative, community hubs in Port Melbourne, Elwood and Middle Park • Targeted services – affordable housing, social housing, community meals • Interaction – library services, youth pathways, community strengthening • Community health and well being – healthy and safer cities plan and municipal drugs strategy, disability action plan	Way Forward

* the highlights not completed were not delivered due to events beyond the council's control, change in the scope of the highlight and changes in internal priorities

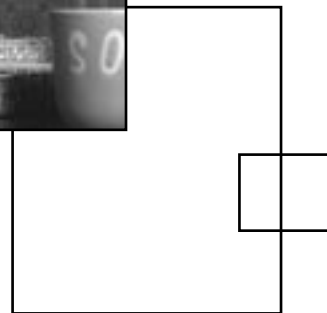


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Community Governance

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Local Government

Australia has three levels of government: federal, state and local government. Local government (or your local council) is responsible for your local area and is the closest tier of government to the people. In addition to providing a wide range of services, councils have the power to make and enforce local laws and collect revenue to fund their activities. Constitutional responsibility for local government rests with the state, which provides the legal framework in which local governments operate. The activities of councils in Victoria are regulated by the *Local Government Act 1989*, which provides a framework for councils by articulating their purposes, objectives, functions and powers. Just like federal and state governments, local councils have elected representatives (councillors) who are elected by residents and property owners. Councillors are responsible for developing council policies and overseeing the management of issues affecting the local community through their planning activities and the decisions they make at formal council meetings.

Establishment of the City

In 1994 the City of Port Phillip was created by government decree. The City marked its first decade on 22 June 2004 and, in conjunction with the people of Port Phillip, is in the process of creating a virtual record of our first 10 years.

Neighbourhoods and Wards

Port Phillip is home to seven distinct neighbourhoods - 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 - with which members of the community identify, especially in terms of where they live. The council uses the neighbourhood model to manage the delivery of council services and for the purposes of community consultation in the development of community strategies.

Neighbourhoods are different to municipal wards. The Port Phillip municipality is divided into seven electoral wards - Albert Park, Alma, Blessington, Emerald Hill, Ormond, Sandridge, and St Kilda - for democratic purposes. One councillor is elected in each ward to represent those residents and businesses. To foster the democratic concept of representative government, there is approximately the same number of people/voters in each ward. Ward boundaries are periodically reviewed to ensure this.

Detailed neighbourhood profiles are available on the council's website at www.portphillip.vic.gov.au.



Councillors

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Date of retirement 27/11/04

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Date of election (current term) 16/3/02
Date of retirement 27/11/04

Councillor Remuneration

The councillors at the City of Port Phillip receive an annual allowance of \$15,000 per year. The mayor at the City of Port Phillip receives an annual allowance of \$46,500 per year.



**City of Port Phillip Ward
Boundaries - 2004**



Decision Making

Council 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. 2/2000. A copy of this local law is available on the council's website at www.portphillip.vic.gov.au, or contact the ASSIST Centre to request a printed copy.

More information about council meetings, including meeting schedules, locations, agendas and minutes, is available on the council's website at www.portphillip.vic.gov.au.

Statutory Planning Committee

11 Statutory Planning Committee meetings were held in 2003/2004.

This committee has been established under Section 86 of the *Local Government Act 1989*, which means that the council can delegate certain powers to the committee, and that decisions made under that delegation are effectively decisions of the council.

The purpose of Statutory Planning Committee meetings is 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

11 Strategy and Policy Review Committee meetings were held in 2003/2004.

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 purpose of Strategy and Policy Review Committee meetings is 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

Council

11 council meetings were held in 2003/2004.

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. 2/2000, which relates to council meetings procedures

Special Council

8 special council meetings were held in 2003/2004.

Special Council meetings are held as required to consider special matters.

Annual General Meeting

1 annual general meeting was held in 2003/2004.

The annual general meeting is held to elect a mayor, deputy mayor, chairpersons to special committees of council, and representatives to external/advisory committees.

Neighbourhood Forums

10 neighbourhood forums were held in 2003/2004.

Neighbourhood forums take place in various venues across the City. They offer an opportunity for local groups and individuals to hear what services are currently being provided in their area, and are also a chance to present local issues and concerns to council representatives. Neighbourhood forums offer a chance for two-way conversation between the council and residents. These forums have been very well received, with strong attendances and positive feedback.

More information about neighbourhood forums is available on the council's website at www.portphillip.vic.gov.au.



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.

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.



Corporate Governance





Effective Service Delivery

The City of Port Phillip has an ongoing continuous improvement program and conducts formal reviews of the services it provides. The City must also comply with several legislative requirements regarding its service delivery.

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.

The federal government allocates money annually to each state for compliance with national competition policy, and the states share this funding with their respective local governments.

In 2003/2004 the City of Port Phillip received a local government improvement incentive program payment of \$221,107 from the Minister for Local Government, on the basis of information provided for the 2002/2003 financial year.

Local Government Improvement Incentive Program (LGIIP)

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

To qualify for incentive payments, councils are required to 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

The council is also testing competitive neutrality during its best value review process.

Best Value

In December 1999, the state government introduced the Best Value Victoria provisions as part of the *Local Government Act*.

The best value legislation includes the following principles:

- all services must meet quality and cost standards
- all services must be responsive to the needs of its community
- each service must be accessible to those members of the community for whom the service is intended
- councils must achieve continuous improvement in the provision of services for the community
- councils must develop a program of regular consultation with the community in relation to the services it provides
- councils must report regularly to the community on its achievements in relation to these principles

The City of Port Phillip has 'badged' its best value program as the sustainable value program, with a formal review of services being a key element.

This comprehensive sustainable value program includes:

- a comprehensive model for undertaking service reviews



- the requirement to broadly consult with the community
- a program for benchmarking
- direct involvement of the council
- the engagement of relevant industry expertise
- external independence at the review phase

Four service reviews were completed during 2003/2004. For a full copy of the City of Port Phillip's 2003/2004 best value annual report to the community, visit www.portphillip.vic.gov.au or contact the ASSIST Centre to request a printed copy.

Risk Management

The City of Port Phillip has taken a number of steps to manage risk. This includes risk awareness and reduction activities, insurance coverage, and an internal audit process.

Risk Awareness

The City of Port Phillip's policy is to manage risk in accordance with best practice. We will comply with the Australian standard for risk management (AS/NZS 4360:1999) and our risk management decisions and practices align with our established values and ethical standards.

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

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.

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.

A risk awareness program commenced in 2003/2004. As part of this program, council departments have undergone risk identification assessments and established 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.

Audit Committee and Internal Audit

As part of its duty to fulfil 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:

- John Warburton - Mr John Warburton chairs the audit committee. He 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. Mr Warburton receives \$4,500 per annum for his role on the City of Port Phillip's audit committee.
- Graham Lockwood - Mr Graham Lockwood is retired certified practising accountant and a previous executive director and manager of a range of companies and organisations. He receives \$4,000 per annum for his role on the City of Port Phillip's audit committee.

Internal representatives:

- mayor of the City of Port Phillip
- executive director of the Corporate Management division

During 2003/2004, the committee met on five occasions.

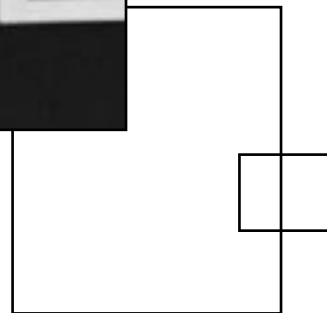
The audit committee and the internal auditor are key elements of the council's system of checks and balances. However, they are not the only elements. Councils are required to be externally audited annually by the Auditor General or his/her representative, and the external auditor presents this audit of the accounts to the audit committee. Councils must also 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.



Our Workforce

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Leadership and Culture

The City of Port Phillip serves a diverse municipality and has developed a unique culture to deliver the organisation's commitment to same-day-service and economic, environmental, social and cultural sustainability.

The chief executive officer, David Spokes, has described this culture as a web organisation.

The hallmark of a web organisation is the confident use of personal judgement. Managers and coordinators are expected to take a leadership role in developing their staff to implement a series of non-traditional behaviours, based on an understanding that service delivery in an ever-changing world is complex, and the traditional techniques of planning and monitoring alone is not sufficient to deliver the required results.

The City of Port Phillip is committed to a work environment where employees display integrity, fairness, honesty and trust. At the heart of these values are three simple rules: caring for ourselves, caring for each other, and caring for this place.

These shared values provide a foundation upon which we can: provide service to our community, create a sustainable organisation, and do our work. Our ultimate goal is to respect each other in all aspects of employment, training and service.

Supporting and Developing our Employees

Professional Development and Training

The City of Port Phillip believes that supporting and developing employees directly affects and improves service delivery and has endorsed key learning principles to provide guidelines for future

training. These key learning principles underpin our commitment to service culture through: building internal capacity, filling knowledge gaps, and meeting legislative obligations.

An internal professional development and training program, Sustainable Learning training, is made available to all employees to help grow their capabilities, skills and competencies.

Over 200 employees attended one of these 13 internal training sessions in 2003/2004.

Leadership Development

The organisation delivered a leadership development program, Frontline Management, through Swinburne University in 2003/2004. 22 selected employees participated in this program and undertook projects across the organisation.

Induction of New Employees

The City of Port Phillip's intranet site includes information for new employees, and the organisation holds regular one-day induction sessions for all new staff members. The aim is to provide new employees with practical support and information, including an overview of the structure and general operation of the City of Port Phillip. The City of Port Phillip is also committed to ensuring that all employees reflect the organisation's values, and the chief executive officer addresses the organisation's values, vision and future in the induction sessions.



Equal Opportunity in the Workplace

Equal Opportunity Awareness

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 indigenous candidates or candidates that may have a disability.

No discrimination claims were made against the City of Port Phillip in 2003/2004.

During 2003/2004, many employees completed an equal opportunity training program. This program recognises that how we behave affects not only other employees but our community as well. Cross-cultural training was made available to highlight the principles of a discrimination-free environment. Our disability action plan also includes a disability awareness training component for employees.

Indigenous Employment Program

The City of Port Phillip's Indigenous employment program supports, employs, trains and retains Indigenous Australians.

Over the past 10 years, the City of Port Phillip has committed to and worked towards the improvement

of services, economic development, employment, reconciliation, cultural heritage and recognition of its Indigenous Australian community. The Indigenous employment program is a result of this ongoing commitment.

We are seeking to employ 4 to 8 Indigenous Australians over the next 12 months. This will be done through structured traineeships as well as through our usual recruitment process.

Work and Life

In addition to our commitment to provide exceptional service to our community, we also understand that our employees are our greatest asset. We believe that an employee's life at work should complement their life at home. Our flexible life/balance policies and leave provisions are designed to support the diverse needs of our employees and help them manage the demands of balancing life and work.

As a result, 31 employees accessed some form of paid parental leave during 2003/2004. Of these, nine have returned to full time work, and 10 have returned to part-time or casual work.



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.

Help Yourself to Health

The ongoing and innovative Help Yourself to Health program aims to improve the general health and wellbeing of our employees. The program has covered a variety of health seminars and activities including healthy heart screening, onsite coaching and healthy living and eating tips.

Occupational Health and Safety

Each division within the organisation has developed a specific occupational health and safety work plan. The aim of these plans is to build a committed and effective occupational health and safety program that meets legislative requirements, reduces workplace injury and encourages a safe and healthy workplace.

WorkSafe

WorkSafe, the Victorian WorkCover Authority's occupational health and safety arm, is conducting an ongoing audit of workplace practices in all local government organisations.

In August 2003, Worksafe undertook a number of visits to council worksites including: the depot, libraries and children's centres). These visits were phase one of the project. To date, WorkSafe are satisfied with our efforts and the systems we have in place.

WorkCover

In 2003/2004, there were only 12 standard WorkCover claims, of which eight are now closed.

Our WorkCover premium rate of 1.45% (averaged across all work sites), based on claims history, is lower than the average local government industry rate of 1.85%.

The organisation is committed to providing injured employees with modified or alternative duties to assist in the rehabilitation process and works together with employees to achieve return to work programs in the most appropriate and timely manner. In 2003 a dedicated workplace health and safety advocate joined the organisation and is dedicated to continuous improvements in this area.

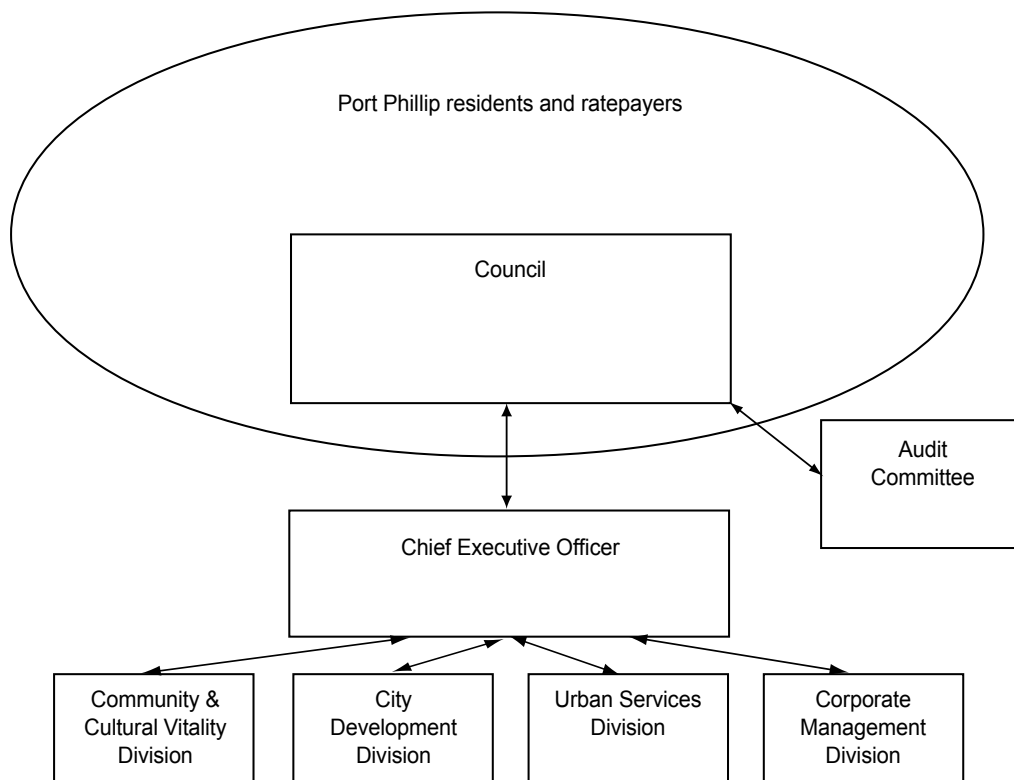
Employee Assistance

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 2003/2004, enabling them to strategically address work life, morale and productivity issues.



The Organisation

In 2003/2004, organisational responsibilities were revised to better support a web style of work that relies on collaboration, project management, networking and innovation. The following diagram represents the administrative structure of the organisation, including the links between the organisation and the council and community.



A complete organisational chart is available at www.portphillip.vic.gov.au/organisation_structure.html



The Executive Directors

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 21 years in a variety of local government settings in Victoria and New South Wales. He also enjoyed a significant period 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 Director Community and Cultural Vitality

Sally Calder was appointed director of the Social and Cultural Development division in May 2001. Before moving into local government, Sally worked for over 10 years as a senior manager in NSW Health, and in a variety of executive roles in primary health care in regional and remote New South Wales. She 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.

David Yeouart Director Urban Services

David Yeouart is a civil engineer by training and has had extensive experience in the management of infrastructure and environmental services. Prior to his appointment as director in 2001, David

managed the council's Infrastructure department. He has a long history in local government, both in Australia and the United Kingdom, providing traditional infrastructure services, and managing environmental issues and public assets.

Geoff Oulton Director City Development

Geoff Oulton has been with the City of Port Phillip since May 1995 and held several management roles before being appointed director of the City Development division in 1997. Geoff has a Bachelor degree in Engineering, a Masters degree in Engineering Science and a Masters of Business Administration. Geoff's previous experience includes a short stint in a research capacity, work for a small consulting firm and five years with the City of Nunawading and then the City of Whitehorse in a number of management roles.

David Graham Director Corporate Management

David Graham has been in local government for more than 30 years. His work experience includes line management roles within Port Melbourne, Darebin and Kew councils, and he was chief executive officer of Port Melbourne Council before local government amalgamations in 1994. David has a Diploma of Local Government Administration, a Bachelor degree in Business (accounting) and a Masters of Business Administration.



The People

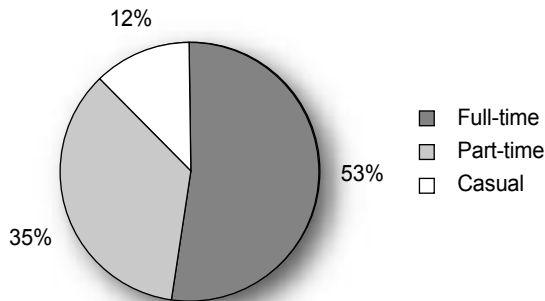
The following table outlines the number, classification and types of jobs within the City of Port Phillip organisation, including the numbers of staff of both sex, and members of staff in designated groups.

These numbers are a head count rather than an indication of EFT (Equivalent Full Time) employees. Casuals include on-call and/or intermittent staff.

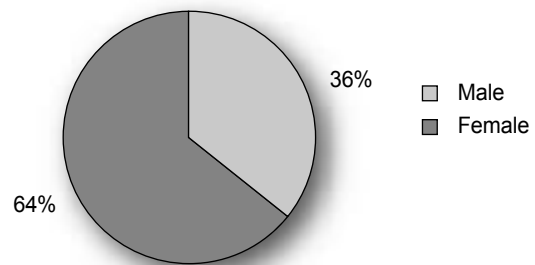
Division	Full-Time		Part-Time		Casual		Total
	Male	Female	Male	Female	Male	Female	
Chief Executive Officer's Office	1	1	0	0	0	0	2
City Development	63	44	19	29	3	8	166
Community and Cultural Vitality	27	110	46	138	17	53	391
Urban Services	49	27	1	5	0	0	82
Corporate Management	26	37	7	15	2	6	93
Total	166	219	73	187	22	67	734

These figures indicate the people paid in the last normal and off line pay runs for the 2003/2004 financial year (i.e. 22 and 30 June 2004).

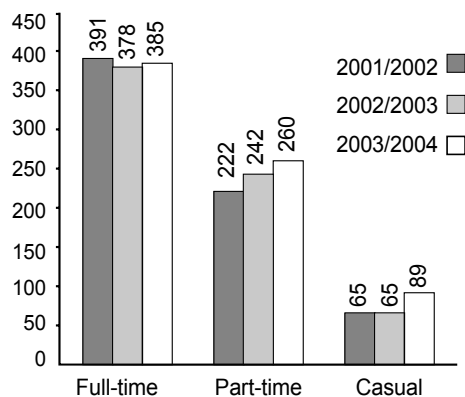
Staff breakdown by employment status 2003/2004



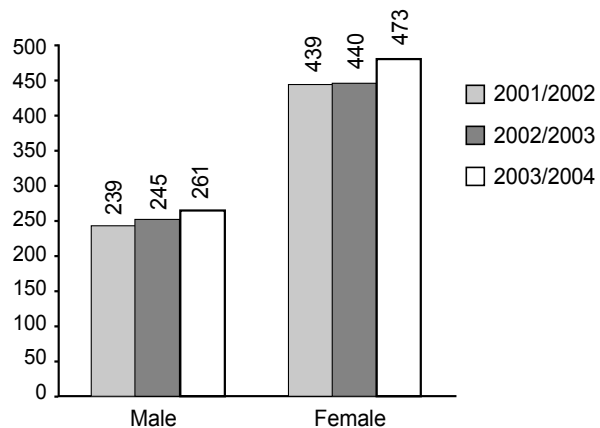
Staff breakdown by sex 2003/2004



Staff breakdown by employment status



Staff breakdown by sex





Financial Report



The annual report includes Financial Statements and Standard Statements for the Port Phillip City Council for the year ended 30 June 2004. These statements have been prepared in accordance with Australian Accounting Standards, the *Local Government Act*, *Local Government Regulations*, and other mandatory reporting requirements.



Plain English Guide to the Financial Statements

Introduction

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

The financial report is a key component of the City of Port Phillip's annual report. It demonstrates how the council performed financially during the 2003/2004 financial year (Statement of Financial Performance or Profit and Loss) and summarises its overall position at the end of the financial year, 30 June 2004 (Statement of Financial Position or Balance Sheet).

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

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

Standard Statements

The *Local Government Act* as amended by the *Local Government (Democratic Reform) Act 2003*, now requires councils to include Standard Statements in each of their three key planning and reporting documents produced each year: the council plan, budget and annual report. The Standard Statements required for this year (Standard Statement of Financial Performance and Standard Statement of Cash Flow) conform with the new legislation and have been audited as part of the external annual reporting 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 Standard Statements create links between the City of Port Phillip's strategic resource

plan in our council plan, our budget and this 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 percent and other large absolute variances have been provided in the Notes to the Standard Statements.

Annual Financial Statements

The council's Financial Statements have two main sections: the Statements and the Notes.

There are four Statements and thirty-nine Notes.

The four Statements are the:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

The Notes to the Report detail the council's accounting policies and the additional disclosure of items contained in the Statements.

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

Statement of Financial Performance

The Statement of Financial Performance presents:

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

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

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

Statement of Financial Position

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



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

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

Current and Non-Current Assets

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

Current and Non-Current Liabilities

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

Net Assets

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

Total Equity

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

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

Statement of Changes in Equity

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

The main reasons for a change in equity stem from:

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

Statement of Cash Flows

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

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

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

Cash Flows from 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.



Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

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

Notes to the Accounts

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

These are described in *Note 1*.

In addition to providing details of accounting policies, the Notes also give details behind many of the summary figures contained in the Statements.

The Note cross references are shown beside the relevant items in the Statement of Financial Performance, Statement of Financial Position and the Statement of Cash Flows.

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

Other Notes include:

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

- Contingent liabilities.
- Transactions with persons related to the council.
- Comparisons of Budget to Actual results.
- Financial performance indicators.

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

Statements by Principal Accounting Officer and Councillors

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

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

Auditor General's Report

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

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



Financial Performance

Port Phillip City Council has reported as a result from ordinary activities a \$33.041 million surplus in 2003/2004 (2002/2003 - \$4.557 million deficit).

The main reason for this significant change is the recognition of assets for the first time - \$27.488 million and the fact that we did not incur a revaluation decrement in 2004 (2003 – revaluation decrement of \$9.320 million).

The major factors that have underpinned the City's financial performance in 2003/2004 are:

Rate Revenue

Rate revenue has increased from \$50.681 million to \$56.087 million.

Included in rate revenue is \$1.3 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.

Parking Fees and Fines

Income from parking fees and fines has increased by \$1.0 million from \$17.592 million to \$18.622 million. This increase is due to additional income from courtesy letters and a small increase in parking fee income.

This has been partially offset by an increase of \$674,000 in the amount expensed to bad and doubtful debts.

Other Revenue

This has decreased by \$864,000 million to \$1.738 million due to the 2003 accounts including a \$1.115 million distribution from the Western Regional Landfill.

Contributions

Developer contributions have decreased by \$1.136 million to \$2.381 million. This decrease is attributable to reduced residential development within the municipality.

Employee Expenses

There has been an increase of \$3.962 million in employee expenses from \$30.473 million to \$34.435 million.

The following factors are behind this increase:

- The salary increases paid during the year to

staff as a result of the Enterprise Bargaining Agreement and the impact of banding movements - \$1,800,000.

- An increase in the employee provisions for annual leave and long service leave liabilities - \$510,000.
- The impact of the Child Care Worker work value case - \$283,000.
- Redundancy costs of \$337,000.
- Increase in Work Cover costs - \$100,000.
- Increase in the number of hours provided for Home Care Service delivery - \$287,000.
- An increase in the year-end payroll accrual of \$390,000 due to the timing of the payment periods.
- Additional positions that have been funded by Government Grants – ConnectED.

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

Non Labour Operating Expenditure has increased by \$1.552 million from \$49.310 million in 2002/2003 to \$50.862 million.

The following factors are behind this increase:

- An increase of \$440,000 in recycling/waste management costs due to the purchase of recycling bins.
- Increased cleaning costs of \$305,000.
- An increase of \$331,000 in valuation costs due to the Municipal Revaluation.

Non Current Assets

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

In 2004, the council revalued its land and buildings. In carrying out this revaluation, the Valuer reduced the discount rate applied to open space from 50% to 30%. This assessment is consistent with valuations of large sites that are supplied to the Valuer



General's office. The land revaluation has resulted in an increase of \$326 million (48%) in the carrying value of the council's land to \$1.032 billion. In addition, the council has recognised land valued at \$19 million for the first time.

The council's buildings have been revalued upwards from \$53 million to \$105 million. This is attributable to a combination of condition improvements, reassessment of remaining useful life, increases in replacement costs and recognition of some council controlled buildings (West Beach Pavilion and flats in Tiuna Grove, Elwood) for the first time.

A fair value assessment of the council's roads, footpaths and bridges has resulted in the recognition of an increased revaluation of \$189 million (2003 - \$167 million). This increase is due to a change in the basis of valuing road and footpath construction,

which has now been based on a 'greenfields' approach, (construction from scratch), and in addition, street furniture valued at \$5.4 million has been recognised for the first time.

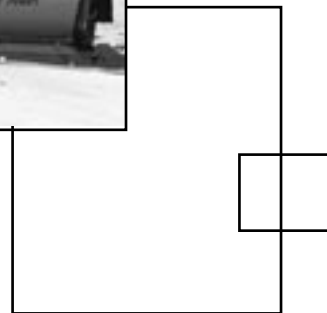
The council's heritage assets and artworks have been revalued to \$7.7 million (2003 - \$5.079 million). This is mainly due to heritage assets and artworks that were recognised for the first time.

Included in the Non Current Deferred Debtors, is an amount of \$2.56 million, which is a reclassification of the amount due from Inkerman Developments that relates to the outstanding units that are due to the council from the developer in the Oasis development. Completion of these units is expected in November 2005.



Standard Statements

.....





Standard Statement of Financial Performance for the year ended 30 June 2004

	2004 Budget \$'000	2004 Actual \$'000	Variances \$'000	%	Note
Revenue from ordinary activities					
Rates	54,634	56,087	1,453	2.7%	2.1
Operating grants and contributions	7,881	8,337	456	5.8%	
Capital grants and contributions	1,015	1,690	675	66.5%	2.2
Open Space contributions	1,880	2,381	501	26.6%	2.3
Interest	1,050	1,437	387	36.9%	2.4
User charges and other fines	4,899	8,497	3,598	73.4%	2.5
Statutory fees	1,993	1,776	(217)	(10.9%)	2.6
Proceeds from disposal of property, plant and equipment	260	6	(254)	(97.7%)	2.7
Parking fees and fines	20,393	18,622	(1,771)	(8.7%)	2.8
Other revenue	706	1,738	1,032	146.2%	2.9
Rent	4,257	4,558	301	7.1%	
Recognition of assets for the first time	-	27,488	27,488	-	2.10
Total Revenues	98,968	132,617	33,649	34.0%	
Expenses from ordinary activities					
Employee costs	29,648	34,435	4,787	16.1%	2.11
Materials and consumables	13,098	14,247	1,149	8.8%	
External contracts	27,610	27,616	6	0.0%	
Bad and doubtful debts	921	985	64	6.9%	
Utilities	2,142	2,089	(53)	(2.5%)	
Professional services	3,436	3,785	349	10.2%	2.12
Borrowing costs	655	652	(3)	(0.5%)	
Depreciation	10,225	11,167	942	9.2%	
Written down value of assets sold	-	1,515	1,515	-	2.13
Other expenses	3,281	3,124	(157)	(4.8%)	
Total Expenses	91,016	99,615	8,599	9.4%	
Net surplus from operations	7,952	33,002	25,050	315.0%	
Profit in joint venture	-	39	39	-	
Net increase in asset revaluation reserve	-	389,768	389,768	-	
Result from ordinary activities	7,952	422,809	414,857	5,217.2%	



Standard Statement of Cash Flows for the year ended 30 June 2004

	2004 Budget \$'000	2004 Actual \$'000	Variances \$'000	%	Note
Cash flows from operating activities					
Receipts from customers	54,634	56,731	2,097	3.8%	3.1
Payments to suppliers (inclusive of GST)	(49,567)	(55,344)	(5,777)	(11.7%)	3.2
Net cash inflow / (outflow) from customers/suppliers	5,067	1,387	(3,680)	(72.6%)	
Government receipts	7,881	10,737	2,856	36.2%	3.3
Interest received	1,050	1,285	235	22.4%	3.4
Other receipts (inclusive of GST)	34,242	37,393	3,151	9.2%	3.5
Net GST refund	-	3,994	3,994	-	3.6
Payments to employees (including redundancies)	(29,648)	(34,102)	(4,454)	(15.0%)	3.7
Interest Paid	(655)	(652)	3	0%	
Net cash inflow from operating activities	17,937	20,042	2,105	11.7%	
Cash flows from investing activities					
Proceeds from sale of property plant & equipment	260	6	(254)	(97.7%)	3.8
Payments for property, infrastructure, plant and equipment	(18,311)	(21,607)	(3,296)	18.0%	3.9
Payments for investments	-	(3,338)	(3,338)	-	3.10
Net cash (outflow) from investing activities	(18,051)	(24,939)	(6,888)	38.2%	
Cash flows from financing activities					
Repayment of borrowings	(719)	(719)	-	0.0%	
Net cash (outflow) from financing activities	(719)	(719)	-	-	
Net (decrease) in cash held	(833)	(5,616)	4,783	(574.2%)	
Cash at the beginning of the financial year	25,696	18,313	7,383	28.7%	
Cash at the end of the financial year	24,863	12,697	12,166	48.9%	

Reconciliation of Operating Result and Net Cash Flows form Operating Activities For the year ending June 2004

Net surplus (deficit) from operations	7,952	33,041	(25,089)
Depreciation	10,225	11,167	(942)
(Profit) Loss on sale of property plant & equipment	(260)	1,509	(1,769)
(Profit) on Joint Venture	-	(39)	39
Recognition of Assets for the first time	-	(27,488)	27,488
Derecognition of Rupert Bunny Trust	-	280	(280)
Net movement in current assets and liabilities	20	1,572	(1,552)
Net cash inflow from operating activities	17,937	20,042	(2,105)



Notes to the Standard Statements for the year ended 30 June 2004

Note 1 Basis of preparation of Standard Statements

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

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

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the 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 21 July 2003. The budget was based on the assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget 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 the Council or through the Council's web site. The Standard Statements must be read with reference to these documents.

Note 2 Explanation of material variances

Standard Statement of Financial Performance for the year ended 30 June 2004

Ref.	Item	Explanation
2.1	Rates	Additional income attributable to unbudgeted supplementary rates of \$1.263M and additional interest on overdue rates earned.
2.2	Capital Grants and Contributions	Additional income of \$675K due to unbudgeted grants received for community housing projects of \$560K and an unbudgeted grant of \$500K for the Port Melbourne library. This has been partially offset by delays in the receipt of income from VSAP of \$352K for the installation of litter traps.
2.3	Open Space Contributions	Additional income of \$500K due to earlier than projected subdivision approvals which triggered the open space income
2.4	Interest received	Increased funds available for investment as a result of delays in expending Council's capital budget and marginally higher interest rates.
2.5	User Charges and Other fines	Increase of \$3.5M attributable to: - unbudgeted Child Care Centre fees of \$2.2M - Re-instatement income \$320K - Increased kerbside trading income due increased enforcement activities and changes in rates \$269K.
2.6	Statutory fees	Reduced volumes of town planning applications is the main driver for this not meeting budget.



Variance Explanation Report *continued*

Ref	Item	Explanation
2.7	Proceeds from sale of property plant and equipment	Proceeds from sale of Right of Ways have been classified as other income due to land under roads not being included in our asset valuation.
2.8	Parking fees and fines	Reduced volumes of parking fines issued coupled with the introduction of the pro-active collection process, which has resulted in lower than budget PERIN income accruals, are the main causes of this unfavourable income variance.
2.9	Other Revenue	Understated year end adjustments for Workcover, reversal of provisions and rentals
2.10	Recognition of assets for the first time	Amounts were not budgeted for, picked up as part of the land and buildings revaluation
2.11	Employee Costs	Additional expenditure of \$4.7M attributable to: <ul style="list-style-type: none"> - Childcare workers salaries \$2.3M not budgeted for - Impact of the Child Care work value case - New positions that have been funded by external sources (government grants) - The impact of the EB agreement
2.12	Professional Services	Professional fees (consultants and legal fees) incurred on the Ormond Road underground cabling scheme
2.13	Written down value of assets sold	Not included in the 2004 budgeted statement of financial performance.

Note 3 Explanation of material variances

Standard Statement of Cash Flows for the year ended 30 June 2004

Ref	Item	Explanation
3.1	Receipts from customers	Increase of \$2.1M is attributable to: <ul style="list-style-type: none"> - reduction in Rate Debtors of \$644K - supplementary rates income of \$1.263M - increased interest on overdue rates \$228K
3.2	Payments to suppliers (inclusive of GST)	Greater than budget due to GST of \$5.4M not being included in the budget.
3.3	Government receipts	Increase of \$2.8M is attributable to: <ul style="list-style-type: none"> - Capital Grants received of \$1.4M (not reflected in the cash flow budget) - Additional grants for new and existing projects received during the year
3.4	Interest received	Increased funds available for investment as a result of delays in expending Council's capital budget and marginally higher interest rates.
3.5	Other receipts (inclusive of GST)	Increase of \$3.1M attributable to: <ul style="list-style-type: none"> - unbudgeted Child Care Centre fees of \$2.2M - Re-instatement income \$320K - Increased kerbside trading income due to increased enforcement, increased number of permits and changes in rates \$269K.
3.6	Net GST refund	Net GST refund not included in the 2004 budgeted cashflow.



Variance Explanation Report *continued*

Ref	Item	Explanation
3.7	Payments to employees (including redundancies)	Increase of \$4.4M attributable to: <ul style="list-style-type: none"> - Childcare workers salaries \$2.3M not budgeted for - Impact of the Child Care work value case - New positions that have been funded by external sources (government grants) - The impact of the EB agreement - Payouts of leave and long service leave balances on terminations
3.8	Proceeds from sale of property plant and equipment	Proceeds from sale of Right of Ways have been classified as other income due to land under roads not being included in our asset valuation.
3.9	Payments for property, infrastructure, plant and equipment	This is attributable to: <ul style="list-style-type: none"> - Reduction of \$1.4M in carry over capital works - Funding of Capital works at Port Melbourne Library and St Kilda Town Hall out of Council reserves in lieu of a loan- \$1.4M
3.10	Payments for investments	Budgeted cash flow assumed no net increases or decreases in investments



Certification of the Standard Statements

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

A handwritten signature in black ink, appearing to read "David Graham".

David Graham
Principal Accounting Officer

Date: 16/9/2004
St Kilda

In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the annual 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 standard statements to be misleading or inaccurate.

We were authorised by the Council on 30 August 2004 to certify the standard statements in their final form on behalf of the Council.

A handwritten signature in black ink, appearing to read "Dick Gross".

Dick Gross
Mayor & Councillor

Date: 16/9/2004
St Kilda

A handwritten signature in black ink, appearing to read "David Brand".

David Brand
Deputy Mayor & Councillor

Date: 16/9/2004
St Kilda

A handwritten signature in black ink, appearing to read "David Spokes".

David Spokes
Chief Executive Officer

Date: 16/9/2004
St Kilda



Financial Report



For the year ended
30 June 2004



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Statement of Financial Performance for the year ended 30 June 2004

	Note	2004 \$'000	2003 \$'000
REVENUES			
Revenue from ordinary activities			
Rates	2	56,087	50,681
Parking fees and fines	3	18,622	17,592
User charges and other fines	4	10,273	9,439
Grants	5	10,027	9,292
Contributions	6	2,381	3,517
Other revenue	7	1,738	2,602
Interest		1,437	1,301
Rent		4,558	4,024
Proceeds from disposal of property, plant and equipment	8	6	551
Recognition of assets for the first time	19	27,488	-
Total Revenue		132,617	98,999
EXPENSES			
Expenses from ordinary activities			
Employee costs	9	34,435	30,473
Contract payments, materials and services	10	29,370	27,675
Bad and doubtful debts	11	985	311
Depreciation	12	11,167	10,747
Professional services		3,785	3,377
Utility payments		2,089	1,919
Other expenses	13	15,617	16,339
Written down value of assets sold	8	1,515	2,611
Revaluation decrement		-	9,320
		98,963	102,772
Borrowing costs	14	(652)	(687)
Share of net profit/(loss) of joint venture accounted for using the equity method	36	39	(97)
Result from ordinary activities		33,041	(4,557)
Movements in equity			
Adjustment to asset revaluation reserve	24	389,768	(1,228)
Adjustment to accumulated surplus as a result of a change in accounting policy - AASB 1028 Employee Benefits		-	(104)
Total movements directly recognised as equity		389,768	(1,332)
Total changes in equity for the year		422,809	(5,889)

The accompanying notes form part of this financial report



Statement of Financial Position as at 30 June 2004

	Note	2004 \$'000	2003 \$'000
ASSETS			
Current assets			
Cash assets	15	12,697	18,313
Financial assets	16	14,500	11,162
Receivables	17	9,199	12,255
Accrued income		264	112
Prepayments	18	225	173
Total current assets		36,885	42,015
Non-current assets			
Investment in joint venture	36	543	505
Financial assets		5	284
Receivables	17	2,630	40
Property, infrastructure, plant and equipment	19	1,403,289	977,109
Total Non-current assets		1,406,467	977,938
Total Assets		1,443,352	1,019,953
LIABILITIES			
Current liabilities			
Payables	20	8,853	7,459
Trust funds	21	496	771
Employee benefits	22	2,771	2,641
Provision for Rent		-	320
Interest-bearing liabilities	23	764	719
Total current liabilities		12,884	11,910
Non-current liabilities			
Employee benefits	22	3,202	2,822
Interest-bearing liabilities	23	9,444	10,208
Total Non-current liabilities		12,646	13,030
Total liabilities		25,530	24,940
Net Assets		1,417,822	995,013
Represented by:			
Accumulated surplus		538,521	498,428
Reserves	24	879,301	496,585
Equity		1,417,822	995,013

The accompanying notes form part of this financial report



Statement of Changes in Equity for the year ended 30 June 2004

	Note	Total		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Balance at beginning of the financial year		995,013	1,000,902	498,428	501,933	475,167	476,395	21,418	22,574
Result for the year		33,041	(4,557)	33,041	(4,557)	-	-	-	-
Net asset revaluation increment/(decrement)	24(a)	389,768	(1,228)	-	-	389,768	(1,228)	-	-
Transfers to other reserves	24(b)	-	-	(12,068)	(10,538)	-	-	12,068	10,538
Transfers from other reserves	24(b)	-	-	19,120	11,694	-	-	(19,120)	(11,694)
Change in accounting policy - AASB 1028									
Employee benefits		-	(104)	-	(104)	-	-	-	-
Balance at end of the financial year		1,417,822	995,013	538,521	498,428	864,935	475,167	14,366	21,418

The accompanying notes form part of this financial report.



Statement of Cash Flows for the year ended 30 June 2004

	Note	2004 Inflows/ (Outflows) \$'000	2003 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		56,731	50,190
Parking fees and fines		17,783	19,116
User charges and other fines (inclusive of GST)		11,187	9,927
Grants (inclusive of GST)		10,737	9,784
Contributions		2,381	3,517
Interest		1,285	1,301
Rents (inclusive of GST)		5,013	4,426
Other receipts (inclusive of GST)		1,029	2,890
Net GST refund		3,994	3,246
Payments to suppliers (inclusive of GST)		(40,006)	(38,526)
Payments to employees		(34,102)	(29,966)
Borrowing costs		(652)	(687)
Other payments		(15,338)	(13,862)
Net cash provided by operating activities	25	20,042	21,356
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(21,607)	(14,900)
Proceeds from sale of assets		6	551
Proceeds from sale of investments		-	8,847
Payments for investments		(3,338)	-
Net cash (used in) investing activities		(24,939)	(5,502)
Cash flows from financing activities			
Repayment of borrowings		(719)	(3,904)
Net cash (used in) financing activities		(719)	(3,904)
Change in cash held		(5,616)	11,950
Cash at the beginning of the financial year		18,313	6,363
Cash at the end of the financial year	26	12,697	18,313
Financing arrangements	27		
Restrictions on cash assets	28		

The accompanying notes form part of this financial report.



Notes to the Financial Report for the year ended 30 June 2004

Introduction

This financial report of Port Phillip City Council is a general purpose financial report that consists of a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes accompanying these financial statements. This general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus views, the Local Government Act 1989 (as amended by the Local Government [Democratic Reform] Act 2003), the Local Government Regulations 2001 and the Local Government (Finance & Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

(b) Change in accounting policies

Capitalisation thresholds

From 1 July 2003, the capitalisation threshold for plant and equipment (excluding software) and land improvements was altered to \$2,000, (from \$1,000). The financial effect of this change is immaterial.

(c) Revenue recognition

Rates, grants and contributions

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

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

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

Where grants or contributions recognised as revenue during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5. Note 5 also discloses the amount of unexpended grant or contribution from prior years that was expended on Council's operations during the current year.

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.

(d) Depreciation and amortisation of non-current assets

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

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



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

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	2004	2003
Land and buildings		
Buildings	100 years	100 years
Land improvements	10 - 100 years (1)	40 years
Heritage assets		
Heritage assets	100 years	100 years
Works of Art	100 years	100 years
Plant and equipment		
Communications equipment	3 years	3 years
Furniture & fittings	5 years	5 years
Information Technology	3 years	3 years
Library books	5 years	5 years
Motor vehicles	5 years	5 years
Office Equipment	5 years	5 years
Pay parking equipment	5 - 10 years	5 - 10 years
Infrastructure		
Roads		
Substructure	100 years	100 years
Seal		
- Asphalt	15 - 18 years (2)	15 years
- Spray	10 - 12 years (2)	10 years
Footpaths	40 - 50 years (2)	40 years
Kerb and channel	50 years	50 years
Drains	50 - 100 years (2)	100 years
Bridges		
Substructure	40 - 100 years (1)	100 years
Deck	20 - 100 years (1)	100 years
Lanes (Right of Ways)	50 - 100 years (1)	100 years

During the year, Council reviewed depreciation rates for all asset classes. The revised depreciation rates were applied to items marked (1) in 2003/2004. The items marked (2) will have the new depreciation rates applied with effect from 1 July 2004. The financial impact of these changes is not considered material for 2003/2004. The expected financial impact of these changes for 2004/2005 is not quantifiable, however it is not believed to be material.

(e) Repairs and maintenance

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

(f) Borrowing costs

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

(g) Recognition and measurement of assets

Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour and an appropriate share of directly attributable variable and fixed overheads and borrowing costs (if any).

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



Class of asset	Threshold Limit
Land and buildings	
Land	All
Buildings	\$5,000
Land improvements	\$2,000
Heritage Assets and Works of Art	
Heritage assets	All
Works of Art	All
Plant and equipment	
Plant and machinery	\$2,000
Furniture, equipment, and computers	\$2,000
Software	\$10,000
Infrastructure	
Roads	
- Earthworks	\$5,000
- Substructure	\$5,000
- Seal	\$5,000
Footpaths	\$5,000
Kerb and channel	\$5,000
Drains	\$5,000
Bridges	\$5,000
- Substructure	\$5,000
- Deck	\$5,000
Lanes	\$5,000
Irrigation and sprinkler systems	\$5,000
Library Books	All

Revaluation

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

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

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

Land under roads

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

(h) Cash assets

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

(i) Other Financial Assets

Investments are measured at cost plus accrued interest.

(j) Community Housing Agreements

Council has financial interests in 14 properties (same as previous year), nine of which are Council owned (2002/2003: eight properties), two part-owned with the State Government's Office of Housing (same as previous year) and one property involving units at Inkerman Oasis provided for Council under an agreement with a private developer (same as previous year). Apart from Inkerman



Oasis, all are subject to joint venture agreements with the Office of Housing. Eleven properties are operational under the management of the Port Phillip Housing Association, three are under construction, and one yet to be developed.

Assets acquired are initially recorded at cost. Council has no ongoing liabilities for costs which are borne by the Port Phillip Housing Association under the terms of the management agreement. Recent projects comprise Inkerman Oasis, St Kilda, which is in the process of being provided by a developer with stage one completed and stage two soon to commence construction (same as previous year); Excelsior Hall and Liardet community housing in Port Melbourne which are under construction (same as previous year) and Woodstock in Balaclava, which is at the pre-tender stage (2002/2003 the project was at the statutory planning stage).

(k) Tender deposits

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

(l) Employee benefits

Wages and salaries

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

Annual leave

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

Long service leave

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

Superannuation

As at 30 June 2004 Council's liability in respect of unfunded obligations to the defined benefit superannuation scheme to which its employees are members, was nil (2002/2003; nil). A liability is defined as the 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. A 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 contributions for members of any defined benefits schemes. Any movements (favourable/unfavourable) in the position of any defined benefits schemes are disclosed under other expenses in note 13. Details of these arrangements are set out in the superannuation note 29.

Retirement gratuities

Retirement gratuities were provided to certain employees who joined the Council prior to 30 June 1995. The liability represents a set proportion of accumulated sick leave that is payable upon retirement. This is measured at nominal value.

(m) Leases

Operating leases

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

(n) Allocation between current and non-current

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

(o) Budget information

Amounts shown in the financial report as budget information have been disclosed for information purposes only. Where necessary, budget information has been recast to comply with current presentation requirements. The budget figures have been drawn from Council's budget approved at the time the rates were adopted by Council for the 2003/2004 year.

(p) Joint ventures

Council records its share of the joint venture net profits in the statement of financial performance and includes its share of the joint venture's net assets and liabilities as non-current assets in the statement of financial position.

(q) Web Site costs

Costs in relation to Council's web site are charged as an expense in the period in which they are incurred.

(r) Rounding

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

(s) Impact of adopting AASB equivalents to IASB standards

As from 1 July 2005, the Australian Accounting Standards that apply to the preparation of this financial report will cease and the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (IFRSs) will become operative. The City of Port Phillip will apply these new Standards when preparing its financial report for June 2006. That report will also include IFRS based comparative information for the financial year ended 30 June 2005. The development of this comparative



information requires the establishment of opening balances for the financial year commencing 1 July 2004 based on the new IFRS equivalent Australian Accounting Standards. The AASB released the AASB equivalents of the IFRS standards on 22 July 2004. The City of Port Phillip has established an implementation project team, reporting to the Director of Corporate Management and Audit Committee, that has been reviewing the new Accounting Standards and Abstracts of the Australian Accounting Standards Board that apply for IFRS purposes as from 1 July 2004. The project team provides regular reports to the Audit Committee.

The project team has two roles:

- Impact assessment- conduct a broad review of all new Standards to identify key areas of change to current accounting policies, systems, and disclosures; and
- Implementation- perform a detailed review of key new Standards to identify divergence from current practice, alternate treatment options, quantification of impacts of alternate policies, recommendations for policy changes, identification and implementation of system changes, and preparation of opening balance sheet.

To date, no material changes to current accounting policies have been identified. However, assessments are still in progress for the following Standards which when taken together may require the City of Port Phillip to significantly alter its policies, systems or disclosures:

- AASB 1 First- time Adoption of Australian Equivalents to International Financial Reporting Standards
- AASB 116 Property, Plant & Equipment
- AASB 119 Employee Benefits
- AASB 136 Impairment of Assets
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 139 Financial Instruments: Recognition & Measurement
- AASB 140 Investment Property

The assessment of potential changes will continue throughout 2004-05. All changes to accounting policies will apply from 1 July 2004 in the determination of the opening balances required under Accounting Standard AASB 1 First-time Adoption of Australian International Financial Reporting Pronouncements (IFRS).

Note 2 Rates

	2004 \$'000	2003 \$'000
Council uses Net Annual Value (NAV) as the basis of valuation 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 2003/2004 was \$1,147 million (2002/2003: \$1,116 million). The 2003/2004 rate in the NAV dollar was 4.771 cents (2002/2003: 4.442 cents).		
Residential	39,022	35,018
Commercial	11,697	10,631
Industrial	3,402	3,127
Supplementary rates and rate adjustments	1,263	1,313
Garbage bin charge	147	111
Interest on rates	556	481
	56,087	50,681

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2002 and the valuation first applied to the rating period commencing 1 July 2002.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2004 and the valuation will be first applied in the rating year commencing 1 July 2004.

Note 3 Parking fees and fines

	2004 \$'000	2003 \$'000
Parking fines and other charges	10,022	8,949
Fees - ticket machines	8,000	8,075
Permits	600	568
	18,622	17,592



Note 4 User charges and other fines

	2004 \$'000	2003 \$'000
Advertising levy	61	105
Aged services	911	905
Animal management services	198	244
Building services	706	440
Child care/Children's programs	2,689	2,538
Festivals	251	228
Health and food act fees	524	510
Kerbside permits	792	479
Land information certificates	125	123
Market fees	318	295
Planning fees	1,448	1,570
Re-instatement works	775	590
Waste management	317	322
Fines & cost recoveries	125	179
Sale of derelict vehicles	205	54
Services fees & charges	483	476
Crane permit fees	189	163
Other fees and charges	156	218
	10,273	9,439

Note 5 Grants

	2004 \$'000	2003 \$'000
Grants were received in respect of the following :		
Commonwealth Government		
Pre school	39	29
Child care centre	455	476
Adventure playground and leisure	275	315
Immunisation	16	28
Family support	33	32
Arts	56	44
Trade waste	-	4
Rooming house social meals	-	17
Inkerman Oasis housing development	-	27
Switched on	37	20
Training	28	7
Roads to recovery	257	174
	1,196	1,173
State Government - General Purpose		
Home help - elderly	1,378	1,304
Addas	209	204
Specific home care	233	236
Home maintenance services	124	109
Senior citizen centres	76	58
Meals on wheels	192	160
Pre school	23	30

Continued on next page



Note 5 Grants *continued*

	2004 \$'000	2003 \$'000
Maternal and child health	285	246
Child care centre	39	43
Family day care	11	18
Adventure playground and leisure	298	250
ConnectED	464	-
Immunisation	19	-
Dental program	9	8
Family support	101	102
Arts	53	58
Drug strategy	178	224
Isepech	176	193
Library subsidy	401	415
Beach clean	288	33
Port Melbourne Tram Feasibility	41	-
Greenlight Project	15	-
Grow Your Business - Group Program	15	-
SLAH - Sustainable Living at Home	21	-
Sustainable Traders	39	-
Global Garden Party	10	-
Grappling with Graffiti	23	-
Building Inclusive Communities	10	-
HARP - Better Care for Older People	9	-
St Kilda Foreshore UDF	30	-
Coastal and marine grant	-	56
VicRoads	579	1,032
School crossing	65	53
Capital grants	1,432	1,357
Registered premises	21	51
National competition policy	221	213
SES subsidy	4	5
Urban planning	10	12
Melbourne 2030	73	-
Woodstock - Arts Victoria	20	-
Pride of Place - Balaclava Walk	34	-
Rooming house social meals	28	28
Walking school bus	-	25
Housing week	-	2
	7,257	6,525
Victorian Grants Commission	1,574	1,594
Total	10,027	9,292
Recurrent	7,671	7,574
Non-Recurrent	2,356	1,718
Total	10,027	9,292
Conditions on Grants		
Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
Cultural and recreational services	261	270
Drug strategy	178	182
Environmental	69	72
Infrastructure	67	-
Social support	82	51
Sustainable development	-	31
Youth development	5	14
	662	620



Note 5 Grants *continued*

	2004 \$'000	2003 \$'000
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Community housing	-	55
Cultural and recreational services	270	382
Drug strategy	182	68
Environmental	72	90
Kindergartens	-	6
Parking strategy	-	35
Social support	51	57
Sustainable development	31	125
Youth development	14	42
	620	860

Note 6 Contributions

Developer contributions	-	263
Open space contributions	2,361	3,250
Car park contributions	20	4
	2,381	3,517

Note 7 Other revenue

<i>Operating</i>		
Contributions and donations	187	281
Sales	619	541
Rent surplus	411	-
Wyndham Council distribution	-	1,116
Sundry income	521	664
	1,738	2,602

Note 8 Disposal of property, infrastructure, plant and equipment

Roads, footpaths and bridges

Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(1,340)	(1,506)
(Loss) on disposal of roads, footpaths and bridges	(1,340)	(1,506)

Drainage

Proceeds from sale of assets	-	-
Written down value of assets disposed/scrapped	(49)	(101)
(Loss) on disposal of drainage assets	(49)	(101)

Land improvements

Proceeds from sale of assets	-	192
Written down value of assets disposed/scrapped	-	(537)
(Loss) on disposal of land improvements	-	(345)

Plant and equipment

Proceeds from sale of assets	-	328
Written down value of assets disposed/scrapped	(113)	(315)
(Loss) / profit on disposal of plant and equipment	(113)	13



	2004	2003
	\$'000	\$'000
<i>Furniture and fittings</i>		
Proceeds from sale of assets	6	31
Written down value of assets disposed/scrapped	(13)	(152)
(Loss) on disposal of furniture & fittings	(7)	(121)
Summary		
Proceeds from sale of assets	6	551
Written down value of assets disposed/scrapped	(1,515)	(2,611)
(Loss) on disposal of assets	(1,509)	(2,060)

Note 9 Employee Costs

Wages and salaries	25,351	21,490
Casual staff	2,820	3,171
Annual leave and long service leave	2,513	2,663
Superannuation	2,482	2,313
Fringe benefits tax and WorkCover	932	836
Redundancy	337	-
	34,435	30,473

Note 10 Contract payments, materials and services

<i>Contract payments</i>		
Cleaning	4,920	4,615
Health/Child care centres/Kindergartens/Schools	239	234
Festivals/Programs	734	645
Food production	389	462
Information systems	191	195
Maintenance and construction	5,615	5,818
Parking admin/Management	1,275	1,534
Parks/Gardens/Reserves	4,662	5,184
Perin lodgement fees	1,436	1,794
Recycling/Waste management	4,080	3,640
Revenue management/Rates	632	599
Security services	686	729
Valuations	786	455
Relocation & Recruitment	109	104
Search fees	361	282
Corporate functions support	404	165
Insurance	76	46
Publications	112	3
Derelict Vehicles	182	85
Social/Community Services	158	31
Holiday Program	73	89
Environmental/Outdoor Design	157	167
Other	340	294
	27,617	27,170
<i>Materials and services</i>		
Materials, consumables and minor asset purchases <\$2000	1,753	504
	1,753	504
Total	29,370	27,675



Note 11 Bad and doubtful debts

	2004	2003
	\$'000	\$'000
Parking fine debtors	28	168
Parking related debtors - PERIN Court	906	115
Other debtors	16	27
Allowance for doubtful debts	35	1
	985	311

Note 12 Depreciation

Buildings	1,663	1,597
Heritage and works of art	53	53
Plant and machinery	746	1,287
Furniture, equipment and computers	1,793	1,724
Roads, streets, and bridges	5,200	4,624
Land improvements	1,040	810
Drainage	672	652
	11,167	10,747

Note 13 Other expenses

Advertising	742	855
Contributions and community grants	2,189	1,818
Insurance	1,770	1,567
Metropolitan Fire Brigade levy	1,479	1,230
Printing and stationery	894	863
Telephone charges	1,259	1,102
Training	538	463
Operating lease expenses	1,825	1,815
Election expenses	3	14
Catering charges	442	241
Postage	222	224
General transport	192	180
Activities / programs	328	367
Bank charges	360	324
Software costs	612	515
Superannuation Contribution - Defined Benefit	-	3,227
Maintenance	1,756	443
Graffiti Removal	277	316
Subscriptions	135	154
Travel	57	42
Refunds	85	84
Other	452	495
	15,617	16,339

Note 14 Borrowing costs

Interest	652	687
	652	687



Note 15 Cash assets

	2004 \$'000	2003 \$'000
<i>Cash deposits</i>		
Cash on hand	24	19
Cash at bank	1,423	2,294
	1,447	2,313
Cash equivalents - Bank Bills with maturity less than 3 months	11,250	16,000
Total cash assets	12,697	18,313

Note 16 Financial Assets

Bank bills - maturity greater than 3 months	14,500	11,162
Total financial assets	14,500	11,162

Note 17 Receivables

<i>Current</i>		
Rates debtors	1,964	2,608
Parking infringement debtors	14,244	13,405
Allowance for doubtful debts - parking infringements	(9,078)	(8,144)
Other debtors	1,593	3,829
Allowance for doubtful debts - other debtors	(76)	(61)
Net GST receivable	552	618
	9,199	12,255
<i>Non-Current</i>		
Deferred debtors	2,630	40
	2,630	40
Total receivables	11,829	12,295

Note 18 Prepayments

Insurance	96	102
Computer Maintenance	23	37
Subsidy Agreements	106	34
	225	173



Note 19 Property, infrastructure, plant and equipment

	2004 \$'000	2003 \$'000
Land and buildings		
Land		
at cost	-	700
at fair value as at 30 June 2004 ¹	271,191	-
controlled land at fair value as at 30 June 2004 ¹	761,019	-
at fair value as at 30 June 2003	-	2,868
at fair value as at 30 June 2002	-	202,225
controlled land at fair value as at 30 June 2002	-	481,065
Total	1,032,210	686,858
Land improvements		
at cost	2,744	-
at fair value as at 30 June 2003 ²	22,502	22,502
Less: accumulated depreciation	(12,225)	(11,184)
Total	13,021	11,318
Buildings		
at cost	-	2,937
at fair value as at 30 June 2004 ¹	119,637	-
controlled buildings at fair value as at 30 June 2004 ¹	85,192	-
at fair value as at 30 June 2003	-	1,965
at fair value as at 30 June 2002	-	73,110
controlled buildings at fair value as at 30 June 2002	-	87,976
Less: accumulated depreciation	(99,763)	(112,456)
Total	105,066	53,532
Plant and equipment		
Plant and equipment		
at cost	1,620	968
at deemed cost as at 1 July 2001	3,071	3,553
Less: accumulated depreciation	(2,226)	(1,849)
Total	2,465	2,672
Furniture and fittings		
at cost	5,542	4,090
at deemed cost as at 1 July 2001	2,440	2,466
Less: accumulated depreciation	(5,383)	(3,602)
Total	2,599	2,954
Heritage assets and works of art		
at cost	-	36
at fair value as at 30 June 2004 ³	7,672	-
at Council's valuation as at 1 January 2000	-	5,225
Less: accumulated depreciation	-	(182)
Total	7,672	5,079



Note 19 Property, infrastructure, plant and equipment *continued*

	2004 \$'000	2003 \$'000
<i>Infrastructure</i>		
<i>Roads, footpaths and bridges</i>		
at cost	-	13,990
at fair valuation as at 30 June 2004 ⁴	271,035	-
at Council's valuation as at 1 January 2000	-	248,585
at Council's valuation as at 30 June 2001	-	3,509
Less: accumulated depreciation	(81,797)	(98,938)
Total	189,238	167,146
<i>Drains</i>		
at cost	3,129	1,890
at fair value as at 30 June 2002 ⁵	64,323	64,411
Less: accumulated depreciation	(27,104)	(26,472)
Total	40,348	39,829
Work in progress - at cost	10,670	7,721
Total property, infrastructure, plant & equipment	1,403,289	977,109

1 Land and buildings valuations as at 30 June 2004 were performed by an independent qualified valuer Mr Frank Carbone, Certified Practising Valuer.

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

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

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

4 Roads, footpaths and bridges were valued as at 30 June 2004 by Mr D Yeouart BE, MIE Aust., CP Eng.

5 Drain assets were valued in 2002 by Mr D Yeouart BE, MIE Aust., CP Eng. An assessment during 2004 of the value of all these assets has indicated that there is no material change required to be made to their carrying value.

Fair Value Basis of Valuation

Fair value is determined based on the following:

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

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

Land and Buildings

Valuation of land, buildings and land improvements were undertaken by a qualified independent valuer. The valuation of buildings and land improvements is at current 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 & 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.



Note 19 Property, infrastructure, plant and equipment reconciliation

Infrastructure	Roads, Footpaths and Bridges	Drainage	Total Infrastructure 2004 \$'000	
WDV at beginning of financial year:	167,146	39,829	206,975	
Acquisition of assets	6,884	1,240	8,124	
Assets recognised for the first time	5,435	-	5,435	
Depreciation (Note 12)	(5,200)	(672)	(5,872)	
Revaluation increment / (decrement)	16,313	-	16,313	
WDV of disposals	(1,340)	(49)	(1,389)	
WDV at end of financial year	189,238	40,348	229,586	

Land and Buildings	Land - freehold and other controlled	Buildings on freehold and controlled land	Land Improvements	Total Land and Buildings
WDV at beginning of financial year:	686,858	53,532	11,318	751,708
Acquisition of assets	-	5,647	2,743	8,390
Assets recognised for the first time	18,988	1,028	-	20,016
Depreciation (Note 12)	-	(1,663)	(1,040)	(2,703)
Revaluation increment / (decrement)	326,364	46,522	-	372,886
WDV of disposals -	-	-	-	-
WDV at end of financial year	1,032,210	105,066	13,021	1,150,297

Plant and equipment	Plant and Equipment	Furniture and Fittings	Heritage and Art works	Total Plant and Equipment 2004 \$'000
WDV at beginning of financial year:	2,672	2,954	5,079	10,705
Acquisition of assets	652	1,451	40	2,143
Assets recognised for the first time	-	-	2,037	2,037
Depreciation (Note 12)	(746)	(1,793)	(53)	(2,592)
Revaluation increment / (decrement)	-	-	569	569
WDV of disposals	(113)	(13)	-	(126)
WDV at end of financial year	2,465	2,599	7,672	12,736

W.I.P.	W.I.P.	Total Non Current Assets
WDV at beginning of financial year:	7,721	977,109
Acquisition of assets	9,089	27,746
Assets recognised for the first time	-	27,488
Depreciation (Note 12)	-	(11,167)
Revaluation increment / (decrement)	-	389,768
WDV of disposals -	-	(1,515)
Capitalisations of W.I.P	(6,140)	(6,140)
WDV at end of financial year	10,670	1,403,289



Note 20 Payables

	2004 \$'000	2003 \$'000
Trade creditors	6,855	5,268
Superannuation	29	69
Accrued expenses	1,969	2,119
Other	-	3
	8,853	7,459

Note 21 Trust funds

Refundable building deposits	30	33
Refundable contract deposits	56	150
Refundable tender deposits	61	71
Refundable civic facilities deposits	44	24
Other refundable deposits	305	493
	496	771

Note 22 Employee benefits

Current

Annual leave	2,478	2,427
Long service leave	218	133
Retirement gratuity	33	32
Rostered Days Off	42	49
	2,771	2,641

Non-current

Long service leave	2,902	2,531
Retirement gratuity	300	291
	3,202	2,822

Aggregate Carrying Amount of Employee costs

Current	2,771	2,641
Non-current	3,202	2,822
	5,973	5,463

	No.	No.
Average employee numbers during the financial year	723	726
Number of full time equivalents (FTE) at year end	555.8	547.8



Note 23 Interest-bearing liabilities

	2004 \$'000	2003 \$'000
<i>Current</i>		
Borrowings - Secured	764	719
<i>Non-current</i>		
Borrowings - Secured	9,444	10,208
Total	10,208	10,927

The maturity profile for Council's borrowings is:

Not later than one year	764	719
Later than one year and not later than five years	2,592	3,356
Later than five years	6,852	6,852
	10,208	10,927

Note 24 Reserves

(a) Asset revaluation reserve

Land

Balance at beginning of reporting period	435,639	435,639
Increment	326,364	-

Balance at end of reporting period	762,003	435,639
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Land improvements

Balance at beginning of reporting period	-	65
Decrement	-	(65)

Balance at end of reporting period	-	-
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Buildings

Balance at beginning of reporting period	16,115	16,990
Increment / (Decrement)	46,523	(875)

Balance at end of reporting period	62,638	16,115
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Furniture and fittings

Balance at beginning of reporting period	1,470	1,470
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Balance at end of reporting period	1,470	1,470
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Note 24 Reserves *continued*

	2004 \$'000	2003 \$'000
Art & Heritage		
Balance at beginning of reporting period	83	83
Increment	568	-
Balance at end of reporting period	651	83
Roads, footpaths and bridges		
Balance at beginning of reporting period	22,081	22,369
Increment / (Decrement)	16,313	(288)
Balance at end of reporting period	38,394	22,081
Drains		
Balance at beginning of reporting period	(221)	(221)
Balance at end of reporting period	(221)	(221)
Total asset revaluation reserve	864,935	475,167
<i>(b) Other reserves</i>		
General reserve		
<i>The general reserve aggregates a number of specific purpose reserve funds.</i>		
Balance at beginning of reporting period	15,274	16,557
Transfer from accumulated surplus	9,564	4,171
Transfer to accumulated surplus	(15,722)	(5,454)
Balance at end of reporting period	9,116	15,274
Statutory reserves		
<i>Resort and recreation reserve</i>		
<i>The resort and recreation reserve is for the accumulation of developers contributions which are to be expended at a future date on recreational infrastructure.</i>		
Balance at beginning of reporting period	4,795	4,765
Transfer from accumulated surplus	2,389	6,270
Transfer to accumulated surplus	(2,601)	(6,240)
Balance at end of reporting period	4,583	4,795



Note 24 Reserves *continued*

	2004 \$'000	2003 \$'000
<i>Contributions for car parking reserve</i>		
<i>The car parking reserve is for the accumulation of developers contributions which are to be expended at a future date on improved car parking facilities.</i>		
Balance at beginning of reporting period	1,349	1,252
Transfer from accumulated surplus	115	97
Transfer to accumulated surplus	(797)	-
Balance at end of reporting period	667	1,349
Total statutory reserve	5,250	6,144
Total reserves	879,301	496,585

Note 25 Reconciliation of result from ordinary activities with net cash from operations

	\$'000	\$'000
Result from ordinary activities	33,041	(4,557)
Depreciation (see Note 12)	11,167	10,747
Loss on disposal of property, plant and equipment (see Note 8)	1,509	2,060
Loss/(profit) on joint venture (see Note 36)	(39)	97
Collection of debt in specie - Inkerman Oasis	-	(3,231)
Superannuation Defined Benefit Levy	-	3,227
Asset revaluation decrement - Land improvements	-	9,320
Recognition of assets for the first time (see Note 19)	(27,488)	-
Derecognition of Rupert Bunny Trust Fund	280	-
Change in assets and liabilities:		
Decrease in receivables	466	3,543
(Increase)/decrease in accrued income	(152)	28
(Increase)/decrease in prepayments	(52)	31
Increase/(decrease) in payables & trust funds	1,120	(472)
Increase/(decrease) in provision for rent	(320)	80
Increase in employee benefits	510	483
Net cash provided by operating activities	20,042	21,356



Note 26 Reconciliation of cash at year-end to cash assets

	2004 \$'000	2003 \$'000
Cash deposits (see Note 15)	1,447	2,313
Cash equivalents - Bank Bills with maturity less than 3 months	11,250	16,000
	12,697	18,313

Note 27 Financing arrangements

Bank overdraft	1,500	2,000
Used facilities	-	-
Unused facilities	1,500	2,000
Credit Card Facilities	29	34
Used facilities	6	4
Unused facilities	23	30

Note 28 Restricted assets

Council has Cash Assets (Note 15) that are subject to restrictions. As at the reporting date; Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).

Trust Funds (Note 21)	496	771
Long service leave (Note 22)	3,000	2,663
Statutory reserve balances (Note 24)	5,250	6,144
	8,746	9,578

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

Additionally, included in Assets Note 19 'Property, infrastructure, plant and equipment' are housing assets which have restrictions on them. These assets which total \$29.5 million (2002/2003: \$25.2 million) are used for community housing and were purchased with assistance from State Government funding. This funding imposes restrictions preventing Council from using these assets for any other purpose. If the funding conditions in the respective funding agreements for each property are defaulted upon, Council is liable to repay to the State Government an amount determined in those agreements. Based upon the \$29.5 million gross value included in the accounts, the amount that would be required to be repaid to the State Government in a default situation would be \$14.1 million (2002/2003: \$10.3 million). This default situation will no longer apply in 40 years.



Note 29 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 2004 and 2003) required under Commonwealth Superannuation Guarantee Legislation. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

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

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to its retrenched employees (same as previous year);
- Council's share of the funding shortfall in the Local Authorities Superannuation Fund Defined Benefit Plan of \$127m at 31 December 2002. Council's share was \$3.23M and was paid in full in 2002/03 (2003/04: nil). The funding or "actuarial" shortfall is the amount by which the current value of assets plus expected future contributions is less than the value of expected future benefits and expenses. The Local Authorities Superannuation Fund Defined Benefit Plan is operated as a mutual plan.

Details of contributions to superannuation funds during the year and contributions payable at 30 June 2004 are as follows:

	2004 \$'000	2003 \$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,832	2,782
Employer contributions payable to Local Authorities Superannuation Fund at reporting date	29	69
	2,861	2,851



Note 30 Commitments

The Council has entered into the following contracts:

2004	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Operating				
Air conditioning system	34	-	-	34
Assurance Services	60	120	-	180
Autocite machines	5	-	-	5
Civil infrastructure construction	6,460	-	-	6,460
Cleaning	960	-	-	960
Community Centre Maintenance	45	223	-	268
Computer Services	240	-	-	240
Election Services	282	-	-	282
Employee Support	15	-	-	15
Financial system support	20	-	-	20
Food production	368	1,561	-	1,929
Mailing equipment	2	10	-	12
Parking services	1,162	1,706	-	2,868
Property rental	-	-	-	-
Rates management	665	3,090	-	3,755
Recycling collection	162	-	-	162
Rubbish collection	444	-	-	444
Security services	375	-	-	375
Software licences	34	-	-	34
Street tree & parks maintenance	2,742	11,253	-	13,995
Syringe disposal services	55	-	-	55
Valuations and property mgt. services	530	-	-	530
	14,661	17,963	-	32,624
Capital				
Construction	1,604	-	-	1,604
	16,265	17,963	-	34,228
2003	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Operating				
Air conditioning system	35	32	-	67
Autocite machines	40	-	-	40
Civil infrastructure construction	6,000	10,500	-	16,500
Cleaning	6,636	3,445	-	10,081
Financial system support	38	-	-	38
Food production	286	143	-	429
Mailing equipment	4	7	-	11
Parking services	1,268	1,328	-	2,596
Property rental	4	-	-	4
Rates management	288	-	-	288
Recycling collection	786	-	-	786
Rubbish collection	971	-	-	971
Security services	345	-	-	345
Software licences	44	88	-	132
Street tree & parks maintenance	3,400	880	-	4,280
Syringe disposal services	42	-	-	42
Valuations and property mgt. services	218	127	-	345
	20,405	16,550	-	36,955
Capital				
Construction	5,337	-	-	5,337
	25,742	16,550	-	42,292



Note 31 Operating lease commitments

	2004 \$'000	2003 \$'000
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities).		
Not later than one year	945	797
Later than one year and not later than five years	761	471
	1,706	1,268

Note 32 Contingent liabilities and contingent assets

Contingent liabilities

Superannuation

Council has possible future obligations in respect of the defined benefits category of the Local Authorities Superannuation Fund. Refer Note 30.

Public Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council carries \$240 million of public liability insurance and has an excess between \$7,500 and \$10,000 on this policy in 2003/04. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Civic Mutual Plus. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Professional Indemnity

As a local authority with statutory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$200 million of public liability insurance and has an excess of \$20,000 on this policy in 2003/04. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Civic Mutual Plus. There are no claims of which Council is aware which would fall outside of the terms of Council's policy.

Legal matters

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised and the financial outcome cannot be determined a contingency of \$159,000 has been included.

159

116

Contingent assets

Open space contributions

Council estimates that \$1.24 million of assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.

1,240

1,880



Note 33 Financial Instruments

(a) Accounting policy, terms and conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash Assets	15	Cash on hand and at bank and money market call account are valued at face value	On call deposits returned a floating interest rate of 4.75% in 2003/2004. The interest rate at balance date was 4.75% in 2003/2004.
Other financial assets	16	Investments and Bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	Term Deposits and Bank Bills returned fixed interest rate of between 4.63% and 6.01% in 2003/2004.
Receivables Rates debtors	17	Rates are carried at nominal amounts due plus penalty interest and legal fees on overdue rates. Rate debts are a charge attached to the rateable land that is recoverable on sale, therefore, no provision for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by four instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was 11.25% (11.5% in 2002/2003) at balance date for general rates. Interest rates charged for Special Rate and Private Street Schemes was 11.25% at balance date (11.5% in 2002/2003).
Parking infringement debtors	17	PINS/PERIN Court debtors are measured at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	Parking infringements are unsecured. The provision for parking infringement doubtful debts is calculated as a percentage of total parking infringement revenue and has been evaluated and recognised based on previous payment and collection history.
Other Debtors	17	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and do not attract interest. Credit terms are based between 14 and 30 days depending on nature of service.
Financial Liabilities			
Payables	20	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice.
Interest-bearing liabilities	23	Loans are carried at their principal amounts, which represent the present value of future cashflows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings was fixed at 6.15% in 2003/2004 (6.15% in 2002/2003).



Note 33 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:

2004

	<i>Fixed interest maturing in:</i>				Non-interest bearing \$'000	Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash assets	12,697	-	-	-	-	12,697
Other financial assets	-	14,500	-	-	-	14,500
Receivables	-	-	-	-	11,829	11,829
Total financial assets	12,697	14,500	-	-	11,829	39,026
Weighted average interest rate	4.75%	5.64%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	8,853	8,853
Interest-bearing liabilities	-	764	2,592	6,852	-	10,208
Total financial liabilities	-	764	2,592	6,852	8,853	19,061
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	12,697	13,736	(2,592)	(6,852)	2,976	19,965



Note 33 Financial Instruments *continued*

2003

	<i>Fixed interest maturing in:</i>					Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
	Financial assets					
Cash assets	18,313	-	-	-	-	18,313
Other financial assets	-	11,162	-	-	-	11,162
Receivables	-	-	-	-	12,295	12,295
Accrued income	-	-	-	-	112	112
Total financial assets	18,313	11,162	-	-	12,407	41,882
Weighted average interest rate	4.25%	4.76%	n/a	n/a	n/a	
Financial liabilities						
Payables	-	-	-	-	7,459	7,459
Interest-bearing liabilities	-	719	3,356	6,852	-	10,927
Total financial liabilities	-	719	3,356	6,852	7,459	18,386
Weighted average interest rate	n/a	6.15%	6.15%	6.15%	n/a	
Net financial assets (liabilities)	18,313	10,443	(3,356)	(6,852)	4,948	23,496

(c) *Net fair values*

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

Financial Instruments	Total carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<i>Financial assets</i>				
Cash assets	12,697	18,313	12,697	18,313
Other financial assets	14,500	11,162	14,500	11,162
Receivables	11,829	12,295	11,829	12,295
Total financial assets	39,026	41,770	39,026	41,770
<i>Financial liabilities</i>				
Payables	8,853	7,459	8,853	7,459
Interest bearing liabilities	10,208	10,927	10,208	10,927
Total financial liabilities	19,061	18,386	19,061	18,386

d) *Credit risk*

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



Note 34 Auditors' remuneration

	2004 \$'000	2003 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	55	41
Internal audit fees and other like services - WHK Day Neilson	60	76
	115	117

Note 35 Related party transactions

(i) Names of persons holding the position of a Responsible Person at the City of Port Phillip Council during the reporting year are:

Councillors	Dick Gross (Councillor 1/7/03 to 17/03/04, Mayor to current)
	Liz Johnstone (Mayor 1/7/03 to 17/03/04, Councillor to current)
	David Brand
	Julian Hill
	Carolyn Hutchens'
	Peter Logan
	Darren Ray
Chief Executive Officer	David Spokes

(ii) Remuneration of Responsible Persons	2004 No.	2003 No.
Annual remuneration of responsible persons were within the following bands:		
\$10,001 - \$20,000	5	5
\$20,001 - \$30,000	1	1
\$30,001 - \$40,000	1	1
\$210,001 - \$220,000	-	1
\$220,001 - \$230,000	1	-
	8	8
	\$'000	\$'000
Total remuneration for the year for Responsible Persons above amounted to	364	355

(iii) No retirement benefits have been made by the Council to a Responsible Person (2002/2003, Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2002/2003, 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 (2002/2003, 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.

Note: In 2002/2003, a Senior Officer of Council was a person, other than a Responsible Person, occupying a management role within Council and receiving annual remuneration of \$80,000. From 2003/2004 the figures for officers receiving between \$80,000 to \$ 99,999 are no longer required to be disclosed due to the increased classification threshold.

Income Range:	2004 No.	2003 No.
\$100,001 - \$110,000	6	2
\$110,001 - \$120,000	2	3
\$120,001 - \$130,000	1	1
\$130,001 - \$140,000	-	3
\$140,001 - \$150,000	1	1
\$150,001 - \$160,000	3	-
\$170,001 - \$180,000	-	1
	13	11
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers	1,579	1,403

Note 36 Joint venture information

Joint Venture - Streetsahead Cleaning Service

During 1999/2000 the Port Phillip City Council and Stonnington City Council formed an agreement to participate in a joint venture for the purpose of providing cleansing services primarily to Victorian Local Government clients. The Joint Venture called 'Streetsahead' commenced operating on 1 February 2000 and performs street sweeping, footpath sweeping, lane sweeping, weed control, beach and foreshore cleaning, litter bin clearing and pit cleaning. The Council has a 50% interest which is detailed below, in the assets, liabilities and operating results of this Joint Venture.

During the financial year, the Council purchased cleaning services from the Joint Venture on normal commercial terms and conditions.

The change in equity derived from the Joint Venture operations to 30 June 2004 is an increase of \$38,670 (2002/2003 decrease of \$97,185).

	2004 \$'000	2003 \$'000
Revenue from ordinary activities	2,896	2,853
Expenses	2,857	2,944
Result from ordinary activities	39	(91)
Total movements directly recognised as equity	39	(97)
Less decrease in surplus as a result of change in accounting policy - AASB1028 Employee benefits	-	(6)
	39	(97)



Note 36 Joint venture information *continued*

The Council's share of the net assets and liabilities of the Joint Venture are included as Non-current Assets. This investment is represented by the following assets and liabilities:

	2004	2003
	\$'000	\$'000
Current assets		
Cash assets	313	275
Receivables	274	289
Other financial assets	350	400
Other	15	16
Total Current Assets	952	980
Non-current assets		
Property, plant and equipment	224	245
Total Non-current Assets	224	245
Total Assets	1,176	1,225
Current liabilities		
Payables	140.0	296
Employee benefits	262	223
Total Current Liabilities	402	519
Non-current liabilities		
Employee costs	231	201
Total Non-current Liabilities	231	201
Total Liabilities	633	720
Net Assets employed in JointVenture	543	505
Equity		
Accumulated surplus	71	33
Joint Venturers' Equity	472	472
Equity employed in Joint Venture	543	505



Note 37 Revenues, expenses and assets by function/activity.

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

	Urban Services		City Development		Corporate Management		Community & Cultural Vitality		Other* Not Attributed		Total	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenue												
Grants	2,118	2,674	1,049	365	1,795	1,808	5,065	4,445	-	-	10,027	9,292
Proceeds from sales	-	58	-	-	672	-	19	-	-	-	-	749
Other	3,617	150	26,209	25,254	7,398	7,834	4,826	4,593	80,540	51,127	122,590	88,958
Total Revenue	5,735	2,882	27,258	25,619	9,193	10,314	9,891	9,057	80,540	51,127	132,617	98,999
Expenses	35,324	25,259	16,691	16,354	24,912	42,329	22,649	18,809	-	-	99,576	103,556
Net surplus/ (Deficit) for Year	(29,589)	(22,377)	(15,988)	9,265	(15,179)	(32,015)	(12,758)	(9,752)	80,540	51,127	33,041	(4,557)
Total assets												
By division	8,736	8,129	2,116	(2,162)	1,394,518	1,013,874	31	112	37,951	42,494	1,443,352	1,019,953

*General rates and current assets have not been attributed to functions

Activities

Urban Services

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

The Division includes the following Departments:

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

City Development

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

The Division includes the following Departments:

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

Corporate Management

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

The Division includes the following Departments:

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

Community & Cultural Vitality

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

The Division includes the following Departments:

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



Note 38 Financial ratios (performance indicators)

	2004 \$'000		2003 \$'000		2002 \$'000
--	----------------	--	----------------	--	----------------

(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)

<u>Debt servicing costs</u>	652	=	0.62%	<u>687</u>	=	0.69%	<u>746</u>	=	0.80%
Total revenue (excluding joint venture)	105,129			98,999			93,298		

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

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

<u>Debt servicing & redemption costs</u>	1,371	=	2.44%	<u>1,361</u>	=	2.69%	<u>1,381</u>	=	3.01%
Rate revenue	56,087			50,681			45,939		

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>	56,087	=	53.35%	<u>50,681</u>	=	51.19%	<u>45,939</u>	=	49.24%
Total revenue (excluding joint venture)	105,129			98,999			93,298		

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 indebtedness</u>	16,784	=	1:20.60	<u>16,133</u>	=	1:17.96	<u>16,896</u>	=	1:17.29
Total realisable assets	345,812			289,771			292,102		

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

Any liability represented by a restricted asset (Note 29) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land - other controlled; buildings on other controlled land; restricted assets; heritage assets; roads and lanes; footpaths; kerb and channel; drains and bridges

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council.

Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.

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

<u>Current assets</u>	36,885	=	2.86:1	<u>42,015</u>	=	3.53:1	<u>36,649</u>	=	2.99:1
Current liabilities	12,884			11,910			12,223		

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



**Note 39 Comparison of Actual to Budget Results
Rate Determination**

	2004 Actual \$'000	2004 Budget \$'000	2003 Actual \$'000	2003 Budget \$'000
Revenue from ordinary activities				
Rates	56,085	54,634	50,681	49,134
Grants	8,451	7,301	6,167	7,515
Interest	1,437	1,050	1,204	750
Grants commission	1,574	1,594	1,594	1,158
Charges, fees, fines	27,961	26,386	26,748	26,192
Contributions	2,381	1,880	4,785	2,195
Other	6,206	4,963	6,626	4,329
Total Revenue from ordinary activities	104,094	97,808	97,805	91,273
Expenses from ordinary activities				
Employee costs	34,436	29,648	30,474	28,670
Materials and contracts	27,617	27,610	28,228	26,775
Utility payments	2,089	2,142	1,919	2,166
Depreciation	-	-	-	-
Professional services	3,785	3,456	3,377	4,314
Borrowing costs expense	652	655	687	792
Other expenses	17,373	16,379	15,813	15,512
Total Expenses from ordinary activities	85,952	79,890	80,498	78,229
Surplus after ordinary activities	18,142	17,918	17,307	13,044
Capital expenditure	(21,499)	(25,313)	(14,575)	(19,055)
Proceeds from disposal of assets	6	260	749	500
Proceeds from sale of property	-	-	-	1,500
Loan Repayments	(719)	(719)	(676)	(936)
Reserve transfers (net)	1,206	(410)	1,156	3,760
Brought Forward Surplus 2002/2003	9,836	9,981	5,978	1,188
Surplus	6,972	1,717	9,939	1



Certification of the Financial Report

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

A handwritten signature in black ink, appearing to read "David Graham".

David Graham
Principal Accounting Officer

Date: 16/9/2004
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 2004 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 30 August 2004 to certify the financial report in its final form on behalf of the Council.

A handwritten signature in black ink, appearing to read "Dick Gross".

Dick Gross
Mayor & Councillor

Date: 16/9/2004
St Kilda

A handwritten signature in black ink, appearing to read "David Brand".

David Brand
Deputy Mayor & Councillor

Date: 16/9/2004
St Kilda

A handwritten signature in black ink, appearing to read "David Spokes".

David Spokes
Chief Executive Officer

Date: 16/9/2004
St Kilda



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the responsible Ministers and the Councillors of the City of Port Phillip

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of the City of Port Phillip for the financial year ended 30 June 2004 included on City of Port Phillip's web site. The Councillors of the City of Port Phillip are responsible for the integrity of the City of Port Phillip's web site. I have not been engaged to report on the integrity of the City of Port Phillip's web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report and standard statements of the City of Port Phillip for the financial year ended 30 June 2004 have been audited. The financial report comprises a statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements. The standard statements comprise a standard statement of financial performance and standard statement of cash flows.

The Councillors are responsible for the preparation and presentation of the financial report and the standard statements and the information they contain. An independent audit of the financial report and standard statements has been carried out in order to express an opinion on them to the responsible Ministers and the Councillors as required by the *Audit Act 1994*.

Each audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and standard statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects:

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

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

Audit Opinions

In my opinion:

- (i) the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Local Government Act 1989*, the financial position of the City of Port Phillip as at 30 June 2004, its financial performance and cash flows for the year then ended; and
- (ii) the standard statements for the year ended 30 June 2004 are presented fairly in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

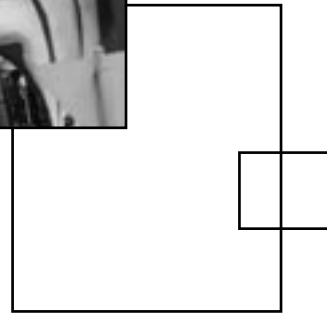
MELBOURNE
16 September 2004



J.W. CAMERON
Auditor-General



Other Statutory Reports





Performance Statement

Our 2003/2004 business plan has 31 highlights, which were selected to represent a cross-section of priorities for the organisation in the 2003/2004 year.

This performance statement reports on these highlights and comments on the performance measures and targets that we set ourselves. The performance measures and targets relate to the tasks undertaken to achieve the highlights. In some cases, they were very difficult to quantify. In most cases, the targets were met or exceeded. In some cases, the performance measure was not the best indicator, and the highlight

was achieved in a different way. In some cases, achievement of the highlight has been delayed but will be completed in 2004/2005.

There are an additional 118 highlights in the council's 2003/2004 corporate plan. These highlights do not form part of the 2003/2004 business plan, but 86% of them have been achieved. It is vital that the performance statement results are seen as only partial evidence of the council's achievement of its commitments in 2003/2004.

Economic Pillar

No	Selected Highlight	Performance Measure	Target	Actual	Comment
1	Demonstrate improved service culture by responding to problems on the same day	% of people making a request or complaint who are contacted by phone or letter by the action officer within two working days of making the request or complaint	85%	46%	The data reveals that the council has a long way to go to improve contact timeliness. Considerable effort will be placed across the organisation on this topic with providing same-day-service as one of the council's top ten strategic activities in 2004/2005.
		% of community rating satisfaction with the council's interaction and responsiveness in dealing with the public as adequate or better	80%	83%	Achieved/exceeded.
2	Complete design and secure planning approval for the construction of a new administrative wing at St Kilda and refurbishment of the South Melbourne Town Hall to provide a hub for community access and service delivery within the existing five-year financial plan	Planning permits for new administrative wing at St Kilda and works at South Melbourne Town Hall	2	0	Securing the final design for both St Kilda Town Hall and South Melbourne Town Hall was a more complex and time-consuming project than initially anticipated. Whilst the council did not secure planning approval, substantial progress was made on this topic. Concept plans have now been prepared for St Kilda Town Hall. These plans were endorsed by the Strategy and Policy Review Committee on 5 July 2004 and it was agreed that this option be presented to the community prior to developing the final concept plan and applying for planning permits.
3	Update Port Phillip on Line Strategy to improve internal service integration, availability of high volume transactions online and optimise access to council information and services including assessing the adequacy of community access to internet provision	New online services	2	4	Achieved.
		Audit of current access in Councillor Notes	September 2003	September 2003	Achieved.
		Number of new public access terminals in council buildings	2	0	Not achieved due to difficulty with ADSL connections and security issues. These are now overcome and there are plans to install eight new terminals in 04/05.



No	Selected Highlight	Performance Measure	Target	Actual	Comment
4	Build public knowledge and confidence about the equitable management and use of our community facilities	% of facilities receiving a positive index in the community facilities assessment data base	60%	Not yet available	It is not possible to calculate the index due to a major upgrade to the database software. Anecdotal evidence is that at least 50% of facilities are receiving a positive index, which means that they are being well managed and utilised.
5	Communicate the demonstrable cost benefit of the council's sustainable value service reviews to the public	Communication pieces on services review outcomes	5	6	Achieved.
6	Participate in and influence the cost shifting debate and promote sector leadership to deliver better whole of government outcomes	Favourable recommendation to local government from the Tuckey inquiry into cost shifting	September 2003	November 2003	Achieved outside time frame.
7	Communicate whole organisation's service commitments to the Port Phillip community through promotion of specific service levels and standards	Number of organisation's service commitments on internet and available in a document at council libraries	50	32	When the document was finalised as part of the 2004/2005 budget process, it was decided to only include publicly visible and major services offered to the community and not internal services such as payroll and information management, as this would be of most interest and relevance to the community.
8	Build community's understanding and confidence in the way we manage our assets by communicating the capital works program's rationale, future maintenance commitments, and works schedule and progress	Communication pieces on capital works	5	25	Achieved. The target was exceeded due to the focus on capital works in the council's communications.
9	Cooperate with other inner metropolitan councils to address common strategic planning issues arising from Melbourne 2030	Completion of project	June 2004	Not achieved	The council has participated in developing an Inner Melbourne Action Plan (IMAP), which sets out key directions and opportunities for inner metropolitan councils. Project finalisation has been delayed to provide sufficient time to work through a number of significant planning issues. A draft IMAP has been prepared and it is anticipated that the project will be completed by late 2004.
10	Develop and implement an Economic Development Strategy using recently received council research on economic drivers	Council report on economic development	December 2003	Not achieved	A draft strategy has been prepared and will be presented to the council in October 2004.
11	Secure state government support for the implementation strategy to deliver the St Kilda Foreshore Renewal Project	Transfer of crown land sites	2	0	Significant work has taken place in working towards securing the state government's support, but the target of crown land transfer was not achieved and is unlikely to be achieved until 2005. Significant progress has occurred however with the July 2004 approval of Amendment C36 which established the planning framework for future development of the precinct, consideration of a MOU between the state and local government and the establishment of a Section 86 sub-committee to oversee project implementation.



Environmental Pillar

No	Selected Highlight	Performance Measure	Target	Actual	Comment
12	Coordinate effort and publicly report progress on all of the council's environmental programs, to provide encouragement in community environment awareness and improvement	Report card that lists all of the council's environmental programs approved by General Management Team	December 2003	Not undertaken	Significant work has taken place on coordinating effort and publicly promoting the council's environmental programs through Divercity, media releases, on the council's website, at the Global Garden Party, via neighbourhood forums and other activities. On reflection, the performance measure was not the most appropriate measure to use to judge success on this topic.
13	Promote sustainability in the way we manage public places and development approvals and incorporate sustainability scorecard principles	Exhibition of amendment to incorporate sustainability scorecard into planning scheme	March 2004	Not undertaken	The council has made substantial progress on promoting sustainability but has not taken steps to exhibit an amendment to incorporate a sustainability scorecard into the planning scheme. This is because the Department of Sustainability and Environment are currently considering a statewide approach to improving sustainability outcomes. This may result in changes to the State planning section and affect all planning schemes.
14	Promote better utilisation of existing open space and pursue new opportunities	Open space audit considered by General Management Team	December 2003	Not undertaken	Whilst much work was undertaken on this topic as part of updating the open space strategy it did not result in an open space audit that was presented to the General Management Team. In 2004/2005, the focus will be on greening Port Phillip and making an obvious difference in the greenness of the municipality by accelerating the rate of tree planting, turning under-utilised car parking and road areas into public open space and improving open space linkages.
15	Establish agreement with neighbouring councils on transport policy goals and lobby for actual on-ground service improvements and funding support	Sign Memorandum of Understanding (MOU) with neighbouring councils on agreed transport policy goals	March 2004	Not undertaken	Agreement on transport policy goals has occurred to a large extent through the Metropolitan Funding Choices report and the efforts put into the Inner Melbourne Action Plan (IMAP) process, with the final report due in August 2004. It is unlikely that a specific Memorandum of Understanding will be signed, with the IMAP report serving the same purpose.



Cultural Pillar

No	Selected Highlight	Performance Measure	Target	Actual	Comment
16	Improve the profile and marketing of the council's services to the community to promote what we do and ensure external communications are targeted to the areas of most importance to our community	Communication pieces in the media on direct services delivery (on waste management, parks and gardens, street cleaning, and traffic management)	12	18	Achieved.
17	Complete the governance review, implement council-approved recommendations and develop a civics education program that explains what local government is about, our processes and services	Governance review report considered by the council	September 2003	November 2003	Achieved outside timeframe.
		Civics education program launched	January 2004	Not Achieved	The civics education program was not formally launched in January, however, contact was made with all schools within the municipality offering them the services of councillors and council staff to conduct civics presentations either at their school or at the council premises. A student convention involving 10 schools and attended by 115 students was conducted at the St Kilda Town Hall on 1 June 2004. The difficulty with implementing a civics program into schools is the ability to penetrate established curriculum within the schools. There has been some interest from schools and the council is presently working closely with one school to try and include a program in the curriculum for 2005.
18	Improve public confidence in the council's financial management by reporting the outcome of the budget allocation against achieved results on an annual basis	Budget performance report	October 2003	October 2003	Achieved. Standard Statements comparing budget to actual performance to be presented as part of the council's 2003/2004 annual report.
19	Refocus the council's festivals framework to better balance flagship events with community celebrations and to facilitate rather than provide community events	Number of community proposals received for community celebrations that are consistent with the new festivals framework	4	10	Achieved.
		Number that are supported by the council	3	8	Achieved. The council was able to fund eight groups within the available budget.



No	Selected Highlight	Performance Measure	Target	Actual	Comment
20	Acknowledge the continuing sense of loss at the establishment of the Grand Prix at Albert Park Reserve by conducting a 10th anniversary event to reflect the perspectives of various interest groups and agencies and reinforce Albert Park Reserve as a leisure and recreational centre in keeping with its traditional use	Recognition ceremony held	June 2004	March 2004	Achieved.
21	Engage the community in dialogue and build its confidence in the long term strategic planning for the city in the context of Melbourne 2030	% satisfaction with council performance in the area of town planning policy and approvals in annual Department of Victorian Communities community satisfaction survey	60%	68%	Achieved/exceeded.
22	Promote resolution of Stage 2 of Beacon Cove, including Princes Pier and encourage improvements to the Port Melbourne foreshore	Council submission to panel on Princes Pier	August 2003	Not undertaken	The measure is no longer relevant as the state government did not hold a panel, as initially anticipated when the business plan was prepared. Instead the Minister for Planning set up a precinct committee to work towards resolving a number of issues on Beacon Cove including Princes Pier. The council has a councillor and senior officer on the committee, which has been sitting since March 2004. An interim report by the committee was submitted to the Minister in late June 2004, with consultation to occur and then a final report with options and recommendations.
23	Develop service agreement with external service providers to deliver home care services to assessed service levels	Service agreement signed with external service provider	1	0	Not undertaken. A new recruitment strategy including increased flexibility for existing workers has been successfully implemented and the service is now able to meet assessed service levels, therefore the service agreement was not pursued.
24	In conjunction with the community partnership, identify a preferred model and site for the provision of child, family and other council services in Elwood	Model and site for the Elwood child, family and council services hub approved by the council	March 2004	July 2004	Achieved outside time frame. The council approved the model and site on 5 July 2004 at the Strategy and Policy Review Committee. It took additional time to work towards achieving this significant milestone.
25	Open Port Melbourne Library	Port Melbourne Library opened	October 2003	November 2004	Achieved outside time frame.



Social Pillar

No	Selected Highlight	Performance Measure	Target	Actual	Comment
26	Diversify the meals program to meet demand, health and cultural needs and enable people to meet one another	New meals program launched by mayor	October 2003	December 2003	Achieved outside time frame.
27	Further develop a HACC Information Strategy to improve residents' knowledge and access to subsidised and full-cost recovery services	Number of community groups forwarded an HACC information pack	20	25	Achieved.
28	Expand the reach of our existing cultural marketing and sponsorship program	Attraction of local sponsors for local community celebration	3 Sponsors	11 Sponsors	Achieved. The target was exceeded due to the concerted efforts in obtaining sponsorship for local celebrations.
29	Better understand the demographic changes impacting on the city including the phenomena of gentrification	Report on gentrification in the City of Port Phillip prepared and published on PPOl	February 2004	November 2003	Achieved.
30	Implement priority actions in the Healthy and Safer Cities Plan and the Local Drugs Strategy	Priority actions implemented and reported in councillor notes	5	12	Achieved/exceeded.
31	Effectively communicate principles of the council's Disability Action Plan and implement key priorities	Number of priorities implemented	6	8	Achieved.
32	Identify those community facilities owned by other government and non-government sectors that could contribute to community wellbeing and develop partnership opportunities consistent with community hubs principles and criteria	List of potential sites reported to council in Councillor Notes or council report	November 2003	February 2004	Achieved outside time frame.



Note to and forming part of the Performance Statement for 2003/2004

- Community Satisfaction Survey – This is the City of Port Phillip Annual Community Satisfaction Survey 2004, which is coordinated by the Department for Victorian Communities. This survey covers approximately 350 people and is conducted by telephone, during February and March 2004.
- Communication piece may cover a press release, article in the council newsletter *Diversity* or an item in council's weekly *Diversity* column in the *Emerald Hill Times*.
- The majority of the terms used in the Performance Statement are the same as those used in the financial report.

Council Approval of the Performance Statement

In our opinion, the accompanying performance statement of the Port Phillip City Council in respect of the 2003/2004 financial year is presented fairly in accordance with the *Local Government Act 1989*.

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

Council's corporate plan set out these measures in relation to the achievement of the business plan for the 2003/2004 financial year.

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

A handwritten signature in black ink, appearing to read 'Dick Gross', written over a horizontal line.

Dick Gross
Mayor and Councillor
Dated: 16/9/2004

A handwritten signature in black ink, appearing to read 'David Brand', written over a horizontal line.

David Brand
Deputy Mayor and Councillor
Dated: 16/9/2004



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the responsible Ministers and the Councillors of the City of Port Phillip

Matters relating to the electronic presentation of the Audited Performance Statement

This audit report relates to the performance statement of the City of Port Phillip for the financial year ended 30 June 2004 included on the City of Port Phillip's web site. The Councillors of the City of Port Phillip are responsible for the integrity of the City of Port Phillip's web site. I have not been engaged to report on the integrity of the City of Port Phillip's web site. The audit report refers only to the statement named below. An opinion is not provided on any other information which may have been hyperlinked to or from this statement. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

Audit Scope

The accompanying performance statement of the City of Port Phillip in respect of the financial year ended 30 June 2004 has been audited. The Councillors are responsible for the preparation and presentation of the statement and the information it contains. An independent audit of the statement has been carried out in order to express an opinion on the statement to the responsible Ministers and the Councillors as required by the *Local Government Act 1989*.

The *Local Government Act 1989* requires the performance statement to outline the performance targets and measures set out in relation to the achievement of the business plan as described in the Council's corporate plan submitted to the responsible Minister and to describe the extent to which the business plan was met having regard to those targets and measures.

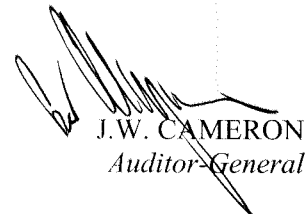
The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the statement. These procedures, which did not extend to an assessment of the relevance or the appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act 1989*.

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

Audit Opinion

In my opinion, the performance statement of the City of Port Phillip in respect of the financial year ended 30 June 2004 is presented fairly in accordance with the *Local Government Act 1989*.

MELBOURNE
16 September 2004



J.W. CAMERON
Auditor-General



Victorian Local Government Indicators

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

Category	Indicator	Definitions	Our Result 2002/03	Our Result 2003/04	Comments On 2003/04 Results
Overall performance	Community satisfaction rating for overall performance generally of the council	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 1), coordinated by the Local Government and Regional Services Division.	68	69	
Advocacy	Community satisfaction rating for council's advocacy and community representation on key local issues	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 4), coordinated by the Local Government Division.	67	68	
Engagement	Community satisfaction rating for council's engagement in decision making on key local issues	Council result from the Annual Community Satisfaction Survey for Local Governments (Chart One: Summary of Results – Result No. 5), coordinated by the Local Government and Regional Services Division.	65	67	
All rates	Average rates and charges per assessment	Rates and charges declared as being receivable, in the calculations for the adopted rates, at the beginning of the year, including: <ul style="list-style-type: none"> • general rates and charges declared under ss.160, 161, 161A of the <i>Local Government Act 1989</i> • municipal charges and service rates and charges (i.e. garbage services) levied under ss.159, 162 respectively • supplementary rates declared, <i>divided by</i> the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).	\$959	\$1,009	
Residential rates	Average residential rates and charges per assessment	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "all rates", <i>except for residential assessments only</i> , <i>divided by</i> the number of residential assessments used in the calculation of the adopted rate (that is, when the rate was struck).	\$780	\$820	
Operating costs	Average operating expenditure per assessment	Operating expenditure per the statement of financial performance including asset sales and depreciation, <i>divided by</i> the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). Note: Where major factors of expenditure such as devaluations or transfers of assets are excluded, councils should provide a note explaining what has been excluded.	\$1,800	\$1,796	



Category	Indicator	Definitions	Our Result 2002/03	Our Result 2003/04	Comments On 2003/04 Results
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: <ul style="list-style-type: none"> capital renewal of existing assets which returns the service potential or the life of the asset to that which it had originally capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users capital upgrade which upgrades an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally, <i>divided by</i> the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). <p>N.B. Exactly what is included as capital expenditure will vary according to the Local Government's policy in defining the 'asset' and its 'life'.</p>	\$278	\$391	
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*, <i>divided by</i> useful life, and totalled for each and every infrastructure asset to give one ratio.	66%	101%	
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), <i>divided by</i> useful life, and <i>totalled</i> for each and every infrastructure asset to give one ratio. * <i>The Average Annual Asset Consumption (AAAC) is the amount of a Local Government's asset base consumed during a year based on current replacement cost (that is, cost or fair value).</i>	80%	103%	
Debts	Average liabilities per assessment	Total liabilities as per the statement of financial position less items held in trust (reflected in assets also held), <i>divided by</i> 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.	\$476	\$483	
Operating result	Operating result per assessment	Bottom line per statement of financial performance, <i>divided by</i> 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.	(\$87)	\$600	Excluding assets recognised for the first time (\$27,488,000), developer contributions (\$2,381,000) and capital grants (\$1,432,000), the result would be \$32.



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 2004. 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.

A handwritten signature in black ink, appearing to read 'D. Spokes'.

David Spokes
Chief Executive Officer
Date: 16/9/2004



Freedom of Information

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

City of Port Phillip responds to numerous informal requests for information.

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

Responsible Officer:

Alli Griffin, Team Leader Statutory Functions

Principal Officer:

David Spokes, Chief Executive Officer

Freedom of Information Statistics

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



Public Documents

The following documents are available for public inspection.

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

Accounts

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

Other Documents

- Details of current allowances fixed for the mayor and councillors
- Details of senior officers' total salary packages for the current financial year and the previous year
- Details of overseas or interstate travel undertaken in an official capacity by councillors or any member of council staff in the previous 12 months
- Names of council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted
- Names of councillors who submitted returns of interest during the financial year and the dates the returns were submitted
- Agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings that have been closed to members of the public
- A list of all special committees established by the council and the purpose for which each committee was established

- A list of all special committees established by the council that were abolished or ceased to function during the financial year
- Minutes of meetings of special committees held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public
- Applications for enrolment on the voters' roll for the immediate past roll and the next roll being prepared (contact the Rates unit)
- A register of delegations
- Submissions received in accordance with the *Local Government Act* during the previous 12 months
- Agreements to establish regional libraries (not applicable)
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the council as lessor or lessee
- A register of authorised officers
- A list of donations and grants made by the council during the financial year
- A list of the names of the organisations of which the council was a member during the financial year
- A list of contracts valued at \$100,000 or more which the council entered into during the financial year without first engaging in a competitive process
- A list of local laws, including any amendments during the financial year
- A register of returns of interest submitted by councillors
- A register of notice of recision motions
- A register of documents signed and sealed by the council
- A register of notices calling for a special council meeting



Whistleblowers

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

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

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

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

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



Glossary

Annual community satisfaction survey for local governments

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

Annual report

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

The *Local Government Act 1989* and the *Local Government Regulations 2001* outline what is to be contained in the annual report, including:

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

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

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

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

Annual snapshot

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

The annual snapshot is not audited.

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

ASSIST

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

Best value

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

- measured against quality and cost standards

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

Budget

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

Community

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

Community governance

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

Community hub

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

Community Plan 1997

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

Corporate governance

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

Corporate/council plan

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

Enterprise agreement

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



Growing democracy project

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

Health and Safety Community Plan 1999

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

Melbourne 2030

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

Neighbourhood

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

Place management

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

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

Port Phillip Online (PPoL)

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

Same-day-service

A commitment by all staff to exercise personal judgment within agreed standards to respond on the

day they receive a request.

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

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

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

Strategic resource plan

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

StAMP

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

Sustainable community progress indicators (SCPI)

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

Sustainable value service review

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

Sustainability

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

Victorian Local Government Indicators (VLGIs)

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

WorkCover

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

WorkSafe

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



Contact Us

ASSIST Centre

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

Contact details:

Email assist@portphillip.vic.gov.au

Facsimile (03) 9536 2722

TTY (Telephone Typewriter) (03) 9209 6713

Mail City of Port Phillip,
Private Bag 3,
PO St Kilda, VIC 3182

Telephone

General enquiries (ASSIST) (03) 9209 6777

Rates (03) 9209 6366

Planning (03) 9209 6424

Building (03) 9209 6253

Parking fines (03) 9611 7660

Waste management (03) 9209 6533

After Hours

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

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

Further Information

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

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

Council Offices

The City of Port Phillip operates from three main locations:

St Kilda Town Hall

Corner Carlisle Street and Brighton Road, St Kilda

Monday: 8.30 am - 6.00 pm

Tuesday - Friday: 8.30 am - 5.00 pm

Enquiry counter and cashier for paying fees and rates

South Melbourne Town Hall

208 Bank Street, South Melbourne

Monday, Wednesday, Thursday, Friday:

8.30 am - 5.00 pm

Tuesday: 8.30 am - 6.00 pm

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

Port Melbourne Town Hall

333 Bay Street, Port Melbourne

Monday - Friday: 8.30 am - 5.00 pm

Enquiry counter and cashier for paying fees and rates

Other Locations

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

Libraries

The City of Port Phillip operates five libraries:

Albert Park

319 Montague Street, Albert Park (03) 9209 6622

Emerald Hill

195 Bank Street, South Melbourne (03) 9209 6611

Middle Park

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

Port Melbourne

147 Liardet Street, Port Melbourne (03) 9209 6644

St Kilda

150 Carlisle Street, St Kilda (03) 9209 6655

Depot and Transfer Station

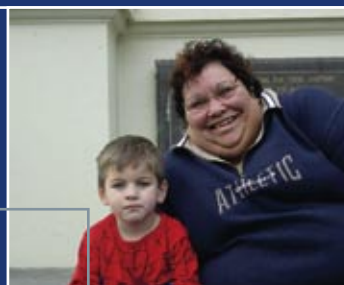
The Port Phillip depot and transfer station is located on the corner of White and Boundary Streets, South Melbourne. More information about the types of rubbish and recycling accepted from local residents and businesses is available on the council's website at www.portphillip.vic.gov.au or telephone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

Port Phillip 市政府向居民提供此信息，告知大家市政府的服務項目和責任。若想獲得此信息的翻譯，請致電市政府傳譯服務處。若想獲得此信息的廣東話翻譯，請致電 9679 9810。

Αυτές οι πληροφορίες παρέχονται από το Δήμο του Port Phillip για την ενημέρωση των δημοτών σχετικά με τις δημοτικές υπηρεσίες και ευθύνες. Για μια μετάφραση αυτών των πληροφοριών επικοινωνήστε με την υπηρεσία διερμηνέων της δημαρχίας. Για μετάφραση στα Ελληνικά τηλεφωνήστε στο 9679 9811.

Niniejsza informacja została przygotowana przez City of Port Phillip w celu zapoznania mieszkańców z usługami i obowiązkami Rady. W celu otrzymania tej informacji w języku polskim, należy zadzwonić do służby tłumaczy Rady na numer 9679 9812.

Эта информация предоставлена Муниципальным Советом района Port Phillip с целью информирования жителей района об услугах и обязательствах Муниципального Совета. Перевод этой информации можно получить, обратившись в переводческую службу Муниципального Совета. Если вам нужен перевод на русский язык, то позвоните по номеру 9679 9813.



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