



MORNINGTON  
PENINSULA  
*Shire*

COMMITTED TO A  
SUSTAINABLE  
PENINSULA



# Annual report

## 2011-2012



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## Message from the Mayor

As we near the end of this term of Council, it's important to reflect on some of the important achievements we – Council, the Shire team, the community and other stakeholders – have achieved over the journey.

From reading this annual report it will be clear that Council – in consultation with the community and other stakeholders – has addressed and continues to address, a very wide range of important issues. From protecting the peninsula's highly valued Green Wedge and enhancing township character, to planning for the impacts of more frequent and intense storm events; from helping our young people achieve their potential, to providing support to our ageing population to help them 'age in place'. There's a lot to report on, and we've tried to make it as easy to read as possible.

A common theme throughout the report is the amount of time Councillors and Shire officers spend out in the community, both at a very local level and a 'whole of peninsula' level. Governments at all levels are expected by their communities to have a good understanding of community needs and expectations – both immediate and long-term – and to develop plans to address those needs sustainably. We engage with our diverse communities in many ways:

- at our monthly community council meetings, where Councillors and officers discuss issues with the community over a light meal;
- through regular ward meetings, where Councillors meet with residents to provide updates on local projects and identify solutions to local problems;
- on issue-specific consultations, such as the development of strategies and policies;
- on local planning applications, where neighbouring residents can raise their concerns or seek clarification;
- on important Shire-wide strategic matters such as our recent Plan Peninsula conversations, which will assist Council to make a submission to the state government as part of the development of a Mornington Peninsula Planning Statement.

The community has provided input into a range of specific policy issues, from the impacts of climate change through to protecting our coastline and the Green Wedge, and the appropriate development of our townships.

This commitment to regular, genuine and active engagement with our community ensures that we have a very sound understanding of the (often changing) needs and expectations of our diverse communities, and that we have systems in place to deal with potential conflicts in a strategically focussed way. What guides us in this task is our *Commitment to a Sustainable Peninsula*, to work towards achieving outcomes – in everything we do – that are environmentally, economically and socially sustainable.

This annual report does not report on what Council itself has achieved. Rather, it reports on what has been achieved by Council, the Shire team, the community and other stakeholders, working together in the best interest of the peninsula and its communities. I would like to thank everyone involved for their hard work, passion and commitment to ensuring the Mornington Peninsula remains the wonderful place it is for many generations to come.

Cr Frank Martin, Mayor Mornington Peninsula Shire



## Message from the CEO

Ten years ago Mornington Peninsula Shire, with the active involvement of local peninsula communities, made a *Commitment to a Sustainable Peninsula*, to work towards achieving outcomes that would be *environmentally, economically and socially sustainable*.

This commitment is not a 'slogan', it is a practical, determined *statement of intent* which has guided everything that the Shire has done since it was made, including the key policies, projects and actions that Council has focused on in 2011-12, which are reported in detail in this Annual

Report.

The Shire's *Commitment to a Sustainable Peninsula* guides Council in ensuring that Peninsula communities are safe, active, connected and supported, that the Peninsula's economy is strong, vibrant and supporting meaningful local employment, while ensuring that the Peninsula's highly valued natural and built environment is preserved, protected and cared for, for future generations.

### **Livability**

As plans are developed to guide Metropolitan Melbourne's growth from its current population of four million to six million by the early 2030's, the Shire's challenge is to continue to be 'near to *but not part of* Melbourne and its accelerating growth'.

The Mornington Peninsula is not (and does not want to be!) a 'growth municipality'. The Shire is working with the State Government in planning a future which preserves our highly valued Green Wedge and our local towns and villages, providing the amenity our residents love, while having an \$11 billion local economy which includes tourism (\$850m p.a), agriculture (\$600m p.a), manufacturing (\$800m p.a.), the marine sector (\$200m p.a) and the equine industry (\$100m p.a.).

Late in 2011-12, the Shire commenced its *Plan Peninsula* community engagement program, to hear directly from local communities about what is most valued about their towns, and the Peninsula as a whole, and what concerns they have in setting the direction of the Peninsula for the next 20 to 30 years.

More than 1000 residents attended the sessions – and hundreds more participated on-line via surveys and electronic feedback forms. The feedback received will form the basis of the Shire's submission to the State Government's Mornington Peninsula Planning Statement – a plan that will set the direction, extent and nature of development on the Peninsula for the next 20-30 years.

As this long-term, 'big picture' planning process proceeded, work continued on a wide range of strategic planning projects, focused on protecting the amenity of our towns and villages, our coastline and our highly valued Green Wedge.

### **Infrastructure**

A key element of the Shire's *Commitment to a Sustainable Peninsula* is a commitment to adequate annual reinvestment in the Shire's \$1.6 billion infrastructure asset base (roads, paths, drains, buildings, community facilities etc). We are one of a minority of Victorian councils that makes good that commitment.

2011-12 also saw the completion of a range of new and refurbished community facilities including Community Hubs in Rosebud/Rosebud West and Hastings, the Mornington Park Pavilion, the stables at Currawong Community Centre and the Mount Eliza Skate Park.

Work also continued on the Balcombe Creek Boardwalk, a range of new and refurbished playgrounds and the construction of more than 13kms of new paths.

### **Climate change**

The Shire has been '*leading change on climate change*' for a number of years, having commenced the journey with our community through our Climate Change Conversations in 2006.

With a significant number of local drainage catchments and low lying coastal areas, and large areas of Green Wedge land, we are now spending \$5 million more each year on flood prevention/ drainage works and bushfire prevention works than we were five years ago.

We are also reducing our own impact on the environment, significantly reducing our potable water and energy use and minimising the amount of waste being sent to landfill.

In 2011-12 the Shire co-ordinated a solar power group buy scheme where more than 250 homes purchased solar panels, and we continued to assist our community with a range of workshops and information sessions at The Eco Living Centre at The Briars.

### ***Peninsula young people***

The Peninsula's young people have been a high priority for Council for more than ten years, evident in the Shire's leadership in 'Best Start' and a range of other 'early years' programs, through to youth support and recreational programs and facilities and the Shire's active engagement with the education and training sector and local business in facilitating 'youth transitions', seeking to ensure that our young people have every opportunity to achieve their full potential.

A tight State budgetary position in 2011-12 presented some particular challenges which are a continuing focus as the year ends.

### ***Peninsula elders***

With Victoria's second largest 'Over 60s' population - more than 42,000 and still growing – supporting our elders in being active, connected and independent is a high priority, with excellent results in three quality audits during the year confirming what we and our elders knew – we are delivering 'best practice' in service delivery, with ongoing feedback being the basis for 'what we do and how we do it'.

Among many important numbers (statistics), we increased hours of care by 4000 to 167,000, despite funding pressures from government.

We work closely with our elders to understand and respond to their needs.

### ***Financial performance***

The Shire's *Commitment to a Sustainable Peninsula* includes a commitment to the Shire being *financially sustainable*.

The Shire delivers a high level of services and infrastructure while having rate levels among the lowest in Victoria. We are one of a minority of Victorian councils having no infrastructure renewal gap, and deliver an underlying surplus every year, regardless of what challenges may arise as the year unfolds. We have achieved that outcome again in 2011-12.

Being financially sustainable and delivering responsive services, at rate levels that are affordable, requires that the Shire focuses relentlessly on being cost-effective in everything we do, 'never accepting last year's best as good enough', taking every opportunity to be innovative in how we do everything we do, whether through contractors or direct service delivery. For example:

Our innovative Safer Local Roads partnership contract 'locks in' the standard of our road network while saving the Shire's ratepayers more than \$4 million p.a.

Over the last 5 years the Shire has completed more than 250 capital projects, with no project failures or significant cost overruns, at a total cost within 0.08% of total projected cost

The Shire's management costs are lower as a percentage of the Shire budget than they were ten years ago. In terms of 2011-12's operating performance, we achieved an underlying surplus of 2.49% (mean average).

The published result shows 'Funds Available' (being the surplus on recurring operations) was unfavourable by \$11.7m largely because after the end of the financial year Council was required to bring to account an additional superannuation liability of \$10.9 million, *although that amount is not payable until 1 July 2013*. (Council has already budgeted to meet this cost, over time, in a manner which will not increase rates in the future, or impact on the delivery of services.)

During 2011-12, there was a range of 'unders and overs' in different parts of the Shire organisation,(as reported through the Monthly Report to the Community) which were the result of our responding to particular needs and circumstances as the need arose.

The published result shows a net result in this format of \$1.9 million unfavourable. Analysis of this result shows, from a cash perspective, consideration needs to be given to the timing of projects funded in previous years and capital projects funded in 2011-12 that will be completed during 2012-13. In addition, the decision not to borrow \$600k that was included in the budget contributed to this variance.

We also reduced Shire debt by \$4.9m during 2011-12, and have the best financial rating achievable by the Auditor-General: we are 'Low Risk'.

The Balance Sheet as at 30 June 2012 shows that the Shire's total assets are now \$1.9 billion and liabilities of \$76.7 million. Net assets have increased by some \$189 million since last year to \$1.8billion, primarily due to the revaluation of Land and Infrastructure Assets.

Council's financial position is both strong and sustainable.

A handwritten signature in blue ink, appearing to read 'Michael Kennedy', with a stylized flourish at the end.

**Dr Michael Kennedy OAM**  
Chief Executive Officer

**Corporate Performance Statement  
for the year ending 30 June 2012**

	<b>Budget \$'000</b>	<b>Actual \$'000</b>	<b>Variance \$'000</b>
<b>Income</b>			
Rates	114,483	115,374	891
Grants and Subsidies	12,182	12,253	71
User Charges	28,348	27,528	(820)
Grants Commission	6,084	7,851	1,768
Interest Income	1,400	2,238	838
	<b>162,497</b>	<b>165,244</b>	<b>2,747</b>
<b>Expenses</b>			
Sustainable Environment	15,630	16,392	(763)
Sustainable Infrastructure	58,519	60,064	(1,545)
Sustainable Communities	34,066	35,432	(1,366)
Sustainable Organisation	18,185	17,902	283
The CEO's Office	4,960	4,755	206
Efficiency Savings	(400)	0	(400)
Interest Expense	2,756	2,737	19
Unfunded Superannuation	0	10,865	(10,865)
	<b>133,716</b>	<b>148,147</b>	<b>(14,431)</b>
<b>Funds available</b>	<b>28,781</b>	<b>17,097</b>	<b>(11,684)</b>
<b>Capital and priority works and services</b>			
New Borrowings	600	0	(600)
Debt Servicing Principal	(3,913)	(3,917)	(3)
Lease Payments	(445)	(445)	0
Unfunded Superannuation Liability	(530)	(530)	(0)
Priority Projects (Net)	(2,044)	(1,360)	684
Priority Works (Net)	(4,799)	(2,001)	2,798
Capital Expenditure	(25,154)	(20,279)	4,875
Capital Grants	2,374	3,657	1,283
Capital Contributions	2,520	3,896	1,376
Special Charge Schemes	0	836	836
Transfers from reserves	1,640	603	(1,037)
	<b>(29,751)</b>	<b>(19,540)</b>	<b>10,211</b>
<b>Operating Result</b>	<b>(970)</b>	<b>(2,443)</b>	<b>(1,473)</b>
<b>Non-operating</b>			
Asset Sales	510	95	(415)
Transfer to land acquisition reserve	0	0	0
<b>Projects funded in previous years</b>	<b>484</b>	<b>536</b>	<b>(52)</b>
<b>Result</b>	<b>24</b>	<b>(1,812)</b>	<b>(1,940)</b>
<b>Carry-forwards</b>	<b>(11,069)</b>	<b>(7,935)</b>	<b>3,134</b>
	<b>(11,069)</b>	<b>(7,935)</b>	<b>3,134</b>
Transfers from reserves	(1,782)	(636)	1,146
Other non-cash adjustments	4,144	8,264	4,120
	<b>2,362</b>	<b>7,628</b>	<b>5,266</b>
<b>Cash surplus/(deficit)</b>	<b>(8,684)</b>	<b>(2,120)</b>	<b>6,564</b>
<b>Cash at beginning of period</b>	<b>29,954</b>	<b>32,362</b>	<b>2,408</b>
<b>Cash at end of period</b>	<b>21,270</b>	<b>30,242</b>	<b>8,972</b>

## Our Council



*Back row l-r: Cr Leigh Eustace, Cr Bev Colomb, Cr David Gibb, Cr Reade Smith, Cr Lynn Bowden, Cr Graham Pittock  
Front row l-r: Cr Bill Goodrem, Cr Anne Shaw, Cr Frank Martin (Mayor), Cr Antonella Celi, Cr Tim Rodgers*

Red Hill Ward:	Councillor Frank Martin, Mayor frank.martin@mornpen.vic.gov.au
Balcombe Ward:	Councillor Anne Shaw, Deputy Mayor shaw@mornpen.vic.gov.au
Cerberus Ward:	Councillor Reade Smith reade.smith@mornpen.vic.gov.au
Kangerong Ward:	Councillor Graham Pittock graham.pittock@mornpen.vic.gov.au
Mornington Ward:	Councillor Bev Colomb colomb@mornpen.vic.gov.au
Mount Eliza Ward:	Councillor Leigh Eustace leigh.eustace@mornpen.vic.gov.au
Nepean Ward:	Councillor Tim Rodgers rodgers@mornpen.vic.gov.au
Rosebud Ward:	Councillor David Gibb gibb@mornpen.vic.gov.au
Rye Ward:	Councillor Bill Goodrem goodrem@mornpen.vic.gov.au
Truemans Ward:	Councillor Antonella Celi antonella.celi@mornpen.vic.gov.au
Watson Ward:	Councillor Lynn Bowden lynn.bowden@mornpen.vic.gov.au

## Vision, Mission and Values

The Mornington Peninsula's unique characteristics and community lifestyle will be maintained and enhanced through our shared commitment to creating a *Sustainable Peninsula*, achieving outcomes that are environmentally, economically and socially sustainable.

### ***A Sustainable environment***

minimises the use of non-renewable resources and the generation of waste  
improves water, soil and air quality  
reduces impacts of climate change  
prevents the loss of biodiversity

### ***A Sustainable economy***

is competitive and able to adapt to change over the longer term  
provides meaningful employment for all who seek it  
provides fair access to economic resources

### ***A Sustainable community***

is safe  
is healthy  
has vibrant and diverse networks of support  
provides fair access to services, facilities and transport  
encourages active citizenship and inclusive local democracy

### ***What we will do to achieve this vision***

Building on a sound understanding of community needs and expectations we will:

engage with and represent the community and govern in a responsive, open and accountable manner  
provide sustainable services and infrastructure that respond to the needs of our diverse communities  
facilitate a sustainable local economy  
sustain and enhance the biodiversity of our unique natural environment, while managing and accommodating appropriate developments

### ***Values***

Our values determine how the Shire will conduct itself.

We value:

sustainability as a guiding principle  
open and effective community consultation  
our diverse communities  
responsible stewardship in managing community assets  
responsiveness to community needs



COMMITTED TO A  
SUSTAINABLE  
PENINSULA

# Highlights

## ***Liveable peninsula***

*To be 'near Melbourne, but not part of Melbourne' (and its accelerating growth).*

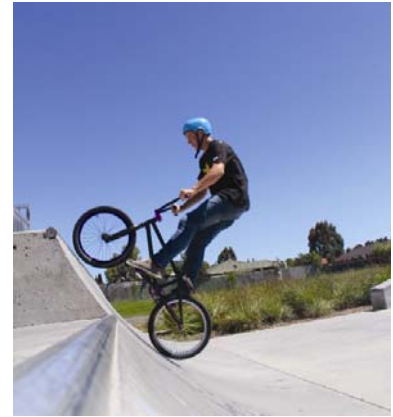
*To preserve the highly valued amenity of our natural and built environment.*



- Submissions to state government and other agencies on a range of important strategic planning matters, including:
  1. proposed review of the Urban Growth Boundary
  2. review of the Victorian Planning System
  3. Devil Bend Master Plan
  4. review of provisions relating to potentially contaminated land
  5. review of the Mount Eliza to Point Nepean Coastal Action Plan
  6. provisions relating to helicopter landing sites
  7. the Victorian Coastal Strategy midterm review
  8. review of state-wide car parking provisions
  9. review of the *Aboriginal Heritage Act (2006)*
- Adoption of the Tyabb Township Plan by Council in June and the completion for exhibition of the Crib Point Township Plan. Both of these plans address key local issues including township and neighbourhood character, the design of village centers and the relationship between local planning and state strategies, such as the Port of Hastings and Land Use and Transport Strategy, which can have a significant impact at local level.
- Determination of Amendment C107 in relation to the proposed Mornington Harbour development. Council determined to abandon the current amendment and instead initiated a comprehensive review of options with stakeholders.
- Adoption of the Mornington Peninsula Social and Affordable Housing Policy that provides practical strategies for Council to facilitate improved social and affordable housing outcomes for low income and disadvantaged residents.
- Production of the Planning Environment e-newsletter to our top 50 planning applicants who lodge the most amount of planning applications comprising planning consultants, architects, drafts people and land surveyors. Information sessions were conducted in conjunction with the release of each newsletter.
- Joint delivery of an information session on the Bushfire Management Overlay with the CFA to the local planning industry.
- Exhibition of the Mornington North Outline Development Plan.
- Completion the Flinders Village Streetscape Design Plan.
- Completion of the Fossil Beach conservation management plan.
- Completion of the Rosebud Coastal Management Plan.
- Exhibition of the Mills Beach Landscape Master Plan.
- Exhibition of the Rye Recreational Boating Precinct Plan.

## ***Enhancing public places and spaces***

*To enhance the 'look, feel and function' of our townships, our open spaces and our infrastructure.*



- Receiving the 2011 Victorian Tidy Towns Award for Mornington.
- The construction of 13km of new footpaths/shared pathways.
- The adoption of the \$49 million Pavilion Strategy to progressively upgrade sporting club rooms and pavilions across the Shire.
- The adoption of the Public Toilet Strategy to progressively upgrade amenity blocks throughout the Shire.
- Completion of the document 'Feral animal management for biodiversity protection' to better understand the impact of feral animal species on biodiversity within Shire bushland reserves and to identify priorities for feral animal management to best protect fauna and flora values.
- Introduction of a large scale protection program to control weeds and animals that damage the native environment within the Western Port Ramsar area.
- Introduction of the Peninsula Safer Speeds trial project to reduce travel speeds in the 'Avenues' in Rosebud and on key rural roads across the peninsula. Results will be reported back to Council after 12 months.
- Completion of six stormwater retrieval and reuse systems which provided the collection and reuse of over three mega litres of water for irrigation of sports fields and other maintenance activities.
- Completion of year eight of the oval rehabilitation program, which resulted in a reduction of potable water usage for irrigation of public open space by 90 per cent.
- Refurbishment of Sorrento Park with annual and perennial beds and the planting of a range of specimen trees.
- Development of master plans for Woolleys Reserve, Crib Point and Police Point Shire Park, Portsea. The Police Point plan was placed on public exhibition and encompasses a detailed conservation management plan and a landscape master plan developed in close liaison with a community reference group. The Woolleys Reserve plan focuses on provision of improved facilities to support equestrian facilities whilst also ensuring that a part of the reserve remains accessible for general public use at all times.
- Commencement of an expression of interest tendering and evaluation phase to shortlist companies for the following maintenance services (this was done as part of the Peninsula Way review for the Sustainable Infrastructure Maintenance Services 2 contracts, following a six-month community and stakeholder consultation process):
  1. buildings
  2. cleansing and drainage cleaning
  3. furniture and signs
  4. parks and roadsides
- An increase in summer cleansing patrols resulting in the emptying of more than 20,000 litter bins, waste bins and recycling bins throughout January, as a result of the 25 per cent increase

in tourism, which also resulted in increased street sweeping, public toilet, beach cleaning and footpath sweeping.



## ***Improving community facilities***

*To ensure community facilities are responsive to the needs and expectations of our local communities.*



- Completion of the new Hastings Community Hub. It caters for a wide range of community groups including educational, social and recreation users. The renovations created a community facility which is perfect for learning and sharing community ideas. The hub is also home to Hastings Neighbourhood Renewal Program.
- Construction of the new Community Hub in Rosebud West. It delivers services that offer increased social and learning opportunities to the Rosebud/Rosebud West and neighbouring communities. It provides a place where local children, families and older people can participate in a range of activities and increase social connections. The community hub is located next to the Eastbourne Primary School and integrated with the Early Learning Centre for greater coordination of services and an overall strengthened sense of community.
- Completion of a major refurbishment to the historic band hall building in Mornington Park. Originally built by unemployed labour during the depression years between 1933 and 1937, the restoration works included the addition of kitchen and bathroom facilities. This venue is the home of Mornington Youth and Citizens Band and is hired by fitness and dance groups and for private functions.
- Construction of a new skate park at Emil Madsen Reserve in Mount Eliza. The park is a combination bowl and street style design, and has already attracted a lot of interest from skaters across Melbourne.
- The adoption of master plans for John Butler Reserve, Bunguyan and Tyabb Central Reserves, and the Parade Ground. Stakeholder groups actively participated in the development of these plans, and implementation of key improvements will take place over the coming five years.
- Adoption of a comprehensive sports lighting audit and strategy to provide direction for sports clubs in the provision of sports lighting as well as maximising the use of sports grounds while maintaining safe sports surfaces.
- The ongoing implementation of the Playground Strategy including the installation of new playgrounds at Balnarring Civic Reserve, Brim Brim Wetlands, Karina Street Reserve in Mornington and Mount Arthur Reserve, Rosebud. Outdoor table tennis tables were installed at Sorrento Park and in Balnarring Civic Reserve.
- Ongoing development of The Briars Homestead historic gardens, orchards, kitchen garden, grounds and the development and training of a team of new volunteers.
- Peninsula RideSafe implemented a number of initiatives to encourage cycling and also enhance cycling infrastructure, which included:
  1. free bicycle valet parking at Western Port Festival
  2. three 'Ride to work' days at the Shire offices
  3. hosted a rest stop in Mornington as part of Bicycle Network's Around the Bay in a Day
  4. bike education skills sessions at Mornington Park and Rosebud.

## ***Leading change on climate change***

*To address flood and fire risk, to reduce our carbon footprint, water usage and waste across Council operations and the wider community.*



- The ongoing roll-out of the Shire's \$30 million drainage strategy to protect property and assets from flooding. Significant works occurred throughout the year at The Eyrie in McCrae.
- Coordination of a community group purchase scheme for solar power. The Shire's role in this project was to assess the price, products and workmanship of solar power providers and recommending the best provider to the community. Around 900 residents registered their interest in the program which enabled the Shire to negotiate a good discount on their behalf. More than 250 residents proceeded to purchase solar power systems. The panels were installed and were operational by the start of the financial year. The Shire also took advantage of the discounted price by having 1.5 kilowatt systems installed on 11 Shire facilities and community halls. Each system is expected to save around \$350 per year in reduced electricity costs.
- Ongoing rapid response to extreme and severe weather events involving strong windstorms and intense rainfall (often requiring emergency response and assistance to the community and emergency service agencies after hours). This also impacted considerably on the delivery of maintenance services - extensive and often repetitive repairs were required to many kilometres of unsealed roads damaged by stormwater runoff and the Shire's street sweeping and drain cleaning programs were also impacted due to flood waters and large volumes of debris.
- A reduction of 700 tonnes of greenhouse gas emissions per year from Shire operations (equivalent to removing 175 cars off the road each year). These savings have been achieved due to the purchase of green energy, and retrofitting Shire buildings with energy-saving devices.
- Ongoing delivery of community education and engagement programs based at the Eco Living Display Centre at The Briars in Mount Martha. The centre aims to show residents how they can retrofit their homes to make them more sustainable as well as energy, water, waste and resource efficient. Since opening more than 5,000 people have visited the centre. Workshops this year included:
  1. Schools Environment Week with more than 500 children participating
  2. Keep Australia Beautiful, winner of Victorian Tidy Town Awards 2011
  3. Daffodil Day
  4. Sustainable House Day, a nationwide event promoting sustainable houses
  5. sustainability workshops during school holidays including composting activities and safari adventures
  6. sustainability workshops on topics such as permaculture, seed saving, wicking beds and rainwater gardens
  7. gardening and pruning demonstrations including indigenous gardening
  8. Mayoral Sustainability Awards

- The growing of 30,000 plants at the Shire nursery for specific orders and around 25,000 plants for retail sales. The nursery also continued to provide training opportunities including work experience and TAFE placements, volunteering opportunities and school group visits.
- A reduction in the number of six cylinder vehicles in the Shire's vehicle fleet from 109 in 06/07 to 16 in 11/12; while four cylinders have increased from 49 in 06/07 to 145 in 11/12.



## ***Enhancing the coastal experience***

*To protect and enhance opportunities to enjoy the coastal experience.*

- The adoption of the Mornington Football Memorial Precinct Plan for Mornington’s historical precinct in the vicinity of Schnapper Point Drive and the Esplanade to maximise the historical significance and recreational amenity of the area. A key inclusion in the master plan is a new lookout. The master plan outlines works to formalise the current car parking area, retain and improve patches of native vegetation and create an upgraded path network to improve accessibility and encourage alternative modes of transport.
- Approval from DSE for the Rosebud Coastal Management Plan. It has been prepared to provide strategic guidance for the use, development and management of the Rosebud Foreshore Reserve, particularly in relation to the location of foreshore activity and recreation nodes.
- Preparation of the Mornington Draft Coastal Management Plan which establishes a vision for the foreshore between Caraar Creek and Linley Point, developed with and supported by the community. The plan identifies issues, objectives and actions that will provide strategic guidance for the use, development and management of the Mornington foreshore reserve.
- Development of the Rye Recreational Boating Precinct Plan. Rye is one of the major boating centres on the peninsula’s Port Phillip coastline and there is an increasing need to manage the demand for boating, along with other demands for other beach and foreshore activities. The plan mainly assesses the existing capacity and opportunity for improvements to the public boating infrastructure but also considers boating in relation to other activities within the precinct.



## ***Healthy, safe and connected communities***

*To provide services, support and care that is responsive to the needs of our families, young people, older residents and those most in need.*



- The provision of the following services to more than 9,000 older people and people with disabilities, to assist them to remain living at home safely and independently:
  1. 4,064 comprehensive 'living at home' assessments to develop care plans to support clients' independence and functional capacity (an increase of 1,314 assessments)
  2. 167,000 hours of home/personal/respite care (an increase of 4,000 hours on last year's figures).
  3. 86,000 delivered meals.
  4. 4,500 hours of home maintenance and modifications (an increase of 500 hours).
  5. 9,300 community transport passenger trips (an increase of 800).
  6. 6,000 hours of activity programs.
- Introduction of an Emergency Management Coordinator position, which enabled a number of Shire strategic fire prevention and emergency management response documents to be updated, reviewed and tested during the year.
- Prepared 16 new fire management plans for bushland reserves which are ready to be considered by the Mornington Peninsula Municipal Fire Management Planning Committee prior to adoption by Council (the Shire already has 191 adopted plans).
- Conducted 39 fire 'walk and talks' from October 2011 to March 2012, to engage with neighbours regarding management of bushland reserves.
- The introduction of a breast feeding café in the Mornington area as a weekly drop-in service to increase breast feeding rates by offering early and practical support in a timely manner.
- Winning the Keep Australia Beautiful Tidy Town Young Leaders Award for the Shire's Wild Life Program. The aim of the program is strengthening relationships between young people and their peers, family and community. In 2011 the program was offered to young people from Balnarring, Red Hill, Boneo, Rye, Rosebud and St Andrews.
- Nomination in the 2011 Australian Family Child Care Awards 'Children's Service of the Year' for the Shire's family day care program for outstanding achievement in child care.
- The appointment of the Shire's Aboriginal Support & Development Team Leader to the working party for the Minister for Local Government and Minister for Aboriginal Affairs.
- Supporting more than 40 events to commemorate 150 years since the gazetting of the townships of Rye, Dromana, Hastings/Old Tyabb and Mornington. Four history markers were unveiled at the oldest primary school in each township.
- The biennial 'Festival of Arts and Ideas' was held in October 2011 and presented a 'trail' of arts and cultural events that celebrated the creative works of local and Victorian artists and musicians, along with a books and writing program that presented talks, readings and workshops by leading authors and poets.
- The presentation of key exhibitions at Mornington Peninsula Regional Gallery including *Sea of dreams: The lure of Port Phillip Bay 1830-1914*, and the National Gallery of Australia's *Roy*

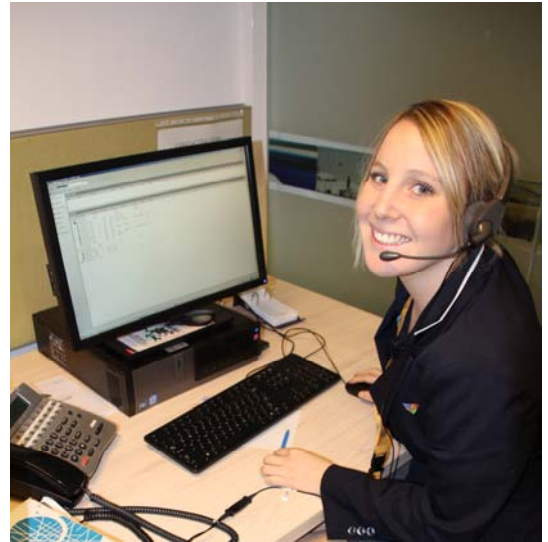
*Lichtenstein: Pop remix* (the Gallery was the sole Victorian venue for this major touring exhibition).



## ***Supporting a sustainable economy***

*To encourage an innovative business community and promote the peninsula's tourism, agricultural and rural sectors.*

- Ongoing promotion of the Mornington Peninsula as an ideal destination for conferences, meetings and business events. Shire staff worked with venues that can host business events and meetings to roll-out a three-year business events strategy and action plan.
- The introduction of the Shire's food award scheme Best Bites in November 2011 by leading environmentalist Rob Gell. Best Bites is a Shire-wide commitment to assist food businesses and consumers by recognising the importance of safe and healthy food, responsible serving of alcohol and tobacco, recycling and waste management, use of energy and water and access for all.
- Ongoing support to local chambers of commerce to bring local businesses together to help develop and implement marketing initiatives which enhance the vibrancy of our local townships and attract locals and visitors to our towns and villages.
- Coordination of the annual Careers and Jobs Expo, which is aimed at local students and job seekers and offers a range of information and stalls from employers, industry associations, employment agencies and training providers.
- Ongoing traineeships each year in planning, tourism and natural systems. In addition the Wal Morrison youth traineeship program provides employment and formal training to five young people each year. Trainees are rotated throughout various units of the Shire to gain a thorough understanding of local government systems and processes as they complete a Certificate II in Local Government. The Shire also has a 'never say no' attitude to work experience, hosting more than of 100 local secondary and tertiary students each year.
- Support to the local tourism industry in developing marketing campaigns to promote the peninsula's valued coastal and rural attractions, and provide strategic advice to local tourism operators. The tourism industry group, Mornington Peninsula Tourism, was inducted into the Victorian Tourism Awards Hall of Fame after winning the Specialised Tourism Services Award for the third consecutive year.
- Implementation of the inaugural Frankston and Mornington Peninsula Excellence in Business Awards. This was well received with 71 nominations. The award night was held at the Mornington Racing Club with over 200 people in attendance.



***Innovative, responsive, value-for-money service delivery***

*To optimise value for ratepayers through efficient, effective and innovative service delivery.*

- Introduction of mobile field technology, such as iPads to undertake the Shire's annual fire prevention inspection program. The technology reduced the administration time frame from three weeks to three days for fire prevention notices.
- Development of a streamlined event application process, reducing the bureaucratic and legislative burden for event organisers, especially community events.
- Receiving a score of 96 per cent for an audit of the Shire's Public Liability and Professional Indemnity insurances, demonstrating that our continued emphasis on risk management translates into reduced insurance premiums and a safer community.
- The audio recording of Council meetings on the Shire's website, allowing those unable to attend Council meetings to listen to proceedings.
- The introduction of a system to receive building applications electronically, saving many hours of manual scanning and filing.
- The completion of revaluation figures on all rateable properties within the Shire comprising site value (land), capital improved value (land and buildings) and net annual value (net rental value) for 95,000 properties
- Continuous improvement in the statutory planning area has resulted in more applications being received by Council as complete, and a total reduction in the number of (statutory) days taken to decide a planning application.





COMMITTED TO A  
SUSTAINABLE  
PENINSULA

## Achievements and financials

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# The Shire Organisation

## *Chief Executive Office*

Dr Michael Kennedy OAM, Chief Executive Officer

Manager Corporate Planning and Projects: Alison Leighton

Manager Communications: Todd Trimble

Manager Team Support and Development: John Rankine

## *Sustainable Communities*

Rob Macindoe, Director (from 15 February)

Jenny Van Riel, Acting Director (until 14 February)

Manager Aged and Disability Services: Jenny Van Riel

Manager Child, Youth and Family Care: Robin Adams

Manager Libraries, Arts and Culture: Geoff Carson

Manager Recreation and Leisure: Peter Gore

## *Sustainable Environment*

Stephen Chapple, Director

Manager Economic Development: Shane Murphy

Manager Strategic Planning: Allan Cowley

Manager Environment Protection: Claire Smith

Manager Statutory Planning: Angela Hughes

## *Sustainable Infrastructure*

Alex Atkins, Director

Manager Infrastructure Maintenance: Barry Pankhurst

Manager Infrastructure Strategy: Niall McDonagh

Manager Infrastructure Project Management: Craig Cinquegrana

Manager Renewable Resources: Sophia Schyschow

## *Sustainable Organisation*

Kevin Clarke, Director

Manager Finance: Geoff Emberson

Manager Information Services: Brandon Cheshire

Manager Governance and Corporate Support: Noel Buck

Manager Property and Valuations: Yasmin Woods

# SUSTAINABLE ENVIRONMENT

## Strategic Planning

*Strategic planning involves thinking about the future – seeking to understand and address current and emerging problems and to build on opportunities. The strategic planning team seeks to engage the community in the planning process and the development of plans and policies which guide the Shire's decisions and actions, with the goal of moving toward a more sustainable and liveable peninsula.*

Key responsibilities:

- Land use strategy and policy development which relates to areas including housing and settlement strategy, activity centre planning, Green Wedge management, port area planning and the connections between these issues which influence land use, transport and development patterns. This activity also includes analysis of policy proposals from other agencies and other levels of government and the development of responses which reflect the particular role and values of the Mornington Peninsula, as expressed in the Shire's Strategic Plan.
- Local area design projects which include town centre plans, township design frameworks and streetscape plans.
- Heritage planning and urban design, including issues relating to neighbourhood character and 'place making'.
- Coastal planning, including the development and review of coastal management plans for specific areas of the coastline.
- Natural systems planning, including the development of a biodiversity action plan for the peninsula and coordination with the regional catchment strategy.
- Mornington Peninsula Planning Scheme review, maintenance and upgrading.

Highlights:

The adoption of the Tyabb Township Plan by Council in June 2012 and the completion for exhibition of the Crib Point Township Plan (November 2011). Both of these plans address key local issues including township and neighbourhood character, the design of village centres and the relationship between local planning and state strategies, such as the Port of Hastings and Land Use and Transport Strategy, which can have a significant impact at local level.

These plans involved a partnership approach between Council, the local community and consultants appointed to provide specialised assistance. In the case of Tyabb, community information sessions with video recording of comments provided an additional form of consultation input, while in Crib Point, the involvement of Barraco Wright and NMBW architects provided additional depth to the character analysis and preparation of design guidelines for the town centre.

In both cases, the plans contain detail action/implementation plans, indicating the range of actions that are involved in achieving particular goals and objectives. The aim is to ensure that township plans are 'plans to do something' and both include provision for ongoing monitoring and review.

The preparation of these plans is part of an ongoing program of township level planning which aims to protect the look, feel and function of the townships on the peninsula.

Other achievements for the year included:

- Submissions to state government and other agencies:
  1. proposed review of the Urban Growth Boundary
  2. review of the Victorian Planning System
  3. Devil Bend Master Plan
  4. review of provisions relating to potentially contaminated land
  5. review of the Mount Eliza to Point Nepean Coastal Action Plan
  6. provisions relating to helicopter landing sites
  7. the Victorian Coastal Strategy mid term review
  8. review of state-wide car parking provisions
  9. review of the *Aboriginal Heritage Act (2006)*
- Determination of Amendment C107 in relation to the proposed Mornington Harbour development. Council determined to abandon the current amendment and instead initiated a comprehensive review of options with stakeholders.
- Adopted amendment C136, introducing new provisions in relation to the Heronswood site in Dromana, and submission to the Minister for approval.
- Submission and approval by the Minister of C109 including the introduction of new design provisions for the Woodthorpe Estate in Rosebud West.
- Submission and approval by the Minister of C126 including additional heritage overlays in Ranelagh Estate in Mount Eliza.
- Exhibition and submission for approval of Amendment C150 introducing new land subject to inundation overlays based on mapping by Melbourne Water.
- Exhibition and subsequent adoption of amendment C122 introducing permanent development controls for the McCrae village centre
- Completed the Mornington Football Memorial Precinct Plan.
- Completed the Police Point Recreation and Conservation Action Plan.
- Completed the updated and extended Mornington Peninsula pest plants brochure.
- Completed the Mornington Peninsula Thematic History as part of the review of heritage controls on the peninsula.
- Exhibited the Mornington North Outline Development Plan.
- Completed the Flinders Village Streetscape Design Plan.
- Completed approval requirements for a second pontoon jetty at the Hastings harbour.
- Completed the Fossil Beach Conservation Management Plan.
- Completed the Rosebud Coastal Management Plan.
- Completed field work mapping for the Mornington Peninsula Fauna Atlas.
- Completed Context Analysis and Design Response Guidelines (in conjunction with DPCD).
- Exhibited the Mills Beach Landscape Master Plan.
- Exhibited the Rye Recreational Boating Precinct Plan.
- Participated as a case study Council in the Climate Change Adaptation Pathways projects for Port Phillip (in conjunction with the Association of Bayside Municipalities) and Western Port (in conjunction with the South Eastern Climate Change Alliance).
- Ongoing liaison with many community groups and local government organisations, including foreshore advisory groups, the Biosphere Research Committee, Association of Bayside Municipalities and Interface Councils group.

Challenges:

- Continuing high levels of growth across metropolitan Melbourne is increasing pressure for expansion of housing on the Mornington Peninsula. Council continues

to work with state government to ensure recognition of the special roles and value of the peninsula and the need to maintain a strong Urban Growth Boundary.

- Protecting the Green Wedge and developing effective planning policies which support its long-term values.
- The need to manage the demand for new housing in a way which supports more sustainable patterns of development, reduced car dependency and better access to community facilities.
- Development of design frameworks for activity centres where provisions relating to building height, bulk and materials, open space and streetscape need to support the character, role and function of town and village centres.
- Determining the threshold level of significance for heritage planning that warrants control over modification and removal of such buildings.
- Developing effective biodiversity planning and the protection and restoration of ecosystems.
- Developing coastal management plans which enhance the coastal experience and reflect the role and function of different foreshore areas.
- Ensuring appropriate infrastructure to meet demand for coastal recreation while having regard to climate change impacts.
- Ensuring planning for the Port of Hastings has proper regard to the potential impact on the environment and local communities, including the development of an appropriate transport infrastructure strategy.

The coming year:

- Work in conjunction with state government on the new Mornington Peninsula Planning Policy Statement.
- Input to state government's development of the new Metropolitan Planning Strategy.
- Complete a Housing and Sustainable Settlements Strategy which will be linked to the state government's housing requirements program and will define future housing capacity for different areas on the peninsula. This will include consideration of economic, social and environmental factors.
- Exhibit the Green Wedge Management Plan, including policies relating to dwellings in the rural area and caravan park applications.
- Complete Rosebud Urban Design Framework to resolve key design issues within the Rosebud activity centre and to provide for integration of urban design and land use planning.
- Prepare the Port Phillip Urban Design Framework and Western Port Character Study and Design Guidelines, including a character study and design guidelines for Red Hill.
- Exhibit the Hastings Major Activity Centre Structure Plan, the Somerville Township Plan, Dromana Structure Plan and Mount Eliza Town Centre Plan.
- Undertake stage three of the Shire's heritage review, with investigation of the Dromana, Rosebud and Rye areas.
- Prepare a biodiversity action plan in conjunction with the release of the Port Phillip and Western Port Regional Catchment Strategy.
- Exhibit coastal management plans for Mornington and Hastings for public input and the development of a more detailed Mornington Harbour Precinct Plan.
- Boating capacity and facilities review to provide an up-to-date assessment of existing boating facilities, projected boating demands (of all kinds), potential boating locations and realistic capacities (including the demands of maritime industries).

- Liaise with the Port of Hastings Development Corporation to ensure that community concerns are addressed and that Hastings is developed as a sustainable 'green port'.

## SUSTAINABLE ENVIRONMENT

### Statutory Planning

*The Statutory Planning team provides planning advice on land use matters and manages the process and decisions on planning applications to achieve fair, transparent and sustainable outcomes.*

Key responsibilities:

- Processing and determining planning applications, amendments to existing planning permits, extensions of time to existing planning permits and the certification of land subdivisions.
- Meet with prospective applicants and members of the community to provide advice at the pre-application stage of a permit application and during assessment.
- Provide advice in response to general planning enquiries.
- Provide advice in accordance with Council's responsibility as a referral authority to external agencies including the Environment Protection Authority, Department of Primary Industries and Department of Justice.
- Advocate on behalf of Council at the Victorian Civil and Administrative Tribunal (VCAT).
- Develop and implement initiatives and special projects related to continuous improvement.

Highlights:

The program of continuous improvement has been geared toward reducing the number of (statutory) days taken to decide a planning application. The unit has focused on a variety of projects such as 'quick hits' and longer-term projects, including: development of checklists for commonly made planning applications, such as new dwellings, dwelling extensions and change of use etc. These help brief the permit applicant on required information to be submitted to Council. The checklists include minimum amounts of information in order for an application to be registered. In six months, these have improved the completed applications received by Council from 10 per cent to 90 per cent. As a consequence, there has been a total reduction in the number of days taken to allocate a new planning application to a planning officer. 90 per cent of new applications received are now allocated to a planning officer within 10 days, with the remaining 10 per cent allocated within 14 days.

A review of resourcing in planning support has led to a reduction in the number of days taken to prepare advertising for a planning application, from up to six weeks to 10 working days.

Other achievements for the year included:

- Delivered the Planning Environment e-newsletter to our top 50 planning applicants who lodge the most amount of planning applications comprising planning consultants, architects, drafts people and land surveyors.
- Delivered information sessions in conjunction with the release of each planning newsletter.
- Joint delivery of an information session on the Bushfire Management Overlay with the Country Fire Authority (CFA) to the local planning industry.
- The secondment of a Statutory Planning Team Leader to the CFA as part of the introduction of the Bushfire Management Overlay to planning schemes across Victoria in November 2011. The Bushfire Management Overlay permanently

replaced the Wildfire Management Overlay and the seconded team member has helped the CFA to present and educate planners and other professionals involved in lodging planning applications across Victoria to understand this new provision in the planning scheme.

- Built a working relationship with the Master Builders Association and presented at their members' meetings on a variety of topics including 'how to lodge a planning application' and the effect of the Bushfire Management Overlay on new developments/planning applications.
- Continued participation in the Municipal Association Victoria's (MAV) STEPS program which is designed to create efficiencies and reduce delays in the assessment of planning applications.
- Participated in the Mornington Peninsula Career's Expo.
- Executed a high level of customer service, in accordance with corporate standards and expectations.

#### Challenges:

- Continuous improvement 'challenge' to reduce the number of statutory days taken to decide a planning application. Per month, Council is deciding an average of 51 per cent of applications within (statutory) time. The unit achieved its best result in March 2012 by deciding 61 per cent of planning applications in time.
- Deconstructing and reconstructing processes to strip time for the continuous improvement program while still adhering to the statutory laws and regulations.
- Uncertainty created over the anticipated planning statement for the Mornington Peninsula, the review of the *Planning and Environment Act (1987)* (as amended) and various state government reviews of the planning scheme, including the review of car parking provisions, signage provisions, definitions etc.
- Delays in the planning application process caused by referral requirements under the Bushfire Management Overlay. The team has worked proactively with the CFA to try to reduce the delay experienced by applicants. Internal planning assessing processes have changed in an attempt to reduce the delay.
- The team remains committed to creating efficiencies in the assessment of planning applications to reduce the decision time. The challenge is to change the way an application is considered, in terms of our internal processes. Our participation in the MAV STEPS program has been the first of many steps in tackling this issue.

#### The coming year:

- A focus on continually improving our processes and procedures to increase the percentage of applications decided within the statutory timeframe. The team will be doing this by focusing on the middle part of the planning application process, which comprises the time (measured in days) taken between advertising of an application finishing and a decision.
- A focus on developing and strengthening the team to ensure that it is appropriately resourced to deliver the highest quality of service.
- Provide sufficient learning opportunities to up-skill staff members.
- Communicate and respond to key stakeholders, including government agencies, professionals, community groups and community members, involved in the planning process to protect and enhance the unique environment of the peninsula.
- Distribute our Planning Environment newsletter twice yearly.
- Contribute to the various state government reviews of the planning scheme.

## SUSTAINABLE ENVIRONMENT

### Environment Protection

*The Environment Protection team delivers services to improve community safety and protect the natural and built environment through the application of fair and equitable compliance and application processes.*

Key responsibilities:

- Planning compliance services
- Promoting health in areas of food safety, waste water management and other health-related matters
- Fire prevention including a yearly inspection process and education to reduce the risk of wildfire in the community
- Animal management services including the promotion of responsible pet ownership, education, leash-free areas, local law compliance and operation of the Community Animal Shelter where lost pets are cared for until they can be reunited with their owners
- Compliance with Local Laws and other related regulations
- Statutory building services
- 24 hour emergency response services including urgent animal management and statutory building responses
- The administration of a number of permit application processes including *Place of Public Entertainment* and *Report and Consent* to build on flood prone land

Highlights:

The introduction of the Shire's food award scheme Best Bites was officially launched on the 28 November 2011 by Mr Rob Gell and Mayor Graham Pittock. The Best Bites program is a Shire wide commitment to assist food businesses and food consumers by recognising the importance of safe and healthy food, responsible serving of alcohol and tobacco, recycling and waste management, use of energy and water and access for all.

Other achievements for the year included:

- Successfully managed a number of significant compliance cases.
- Introduced an Emergency Management Coordinator position, which enabled a number of Shire strategic fire prevention and emergency management response documents to be updated, reviewed and tested during the year. This is a temporarily state government funded position.
- Introduced mobile field technology iPads to undertake the Shire's annual fire prevention inspection program. The technology reduced the administration time frame from three weeks to three days for fire prevention notices.
- Successfully developed a streamlined event application process, reducing the bureaucratic and legislative burden for event organisers, especially community events.
- Worked closely with the Shire's Information Services team to help the administration team effectively use corporate applications to promote a reduction in use of paper and resources. More than 75 per cent of building permits are now received electronically.

Challenges:

- Implementing system updates to the Shire's information management system and the property and rating data base will require staff resourcing from within the Environment Protection unit.
- Understanding, implementing and where necessary educating our community about a number of legislation changes from state government.

The coming year:

- Implement and educate the community on the Council's new local laws.
- Continue to develop our responses and assist our community to respond to emergencies and continue to implement the principles of integrated fire management.
- Further explore the use of mobile technology to reduce resources spent on administrative tasks, thereby providing opportunities to increase customer service.
- Introduce a statutory building trainee position to promote this profession amongst young people and to provide a learning opportunity.
- Continue the implementation of electronic and field-based technology to assist officers to collect data in the field and to improve customer service options.
- Seize opportunities to improve our processes during the Shire's upgrade of corporate systems during the coming year.
- Review the management of major and complex legal cases to ensure the Shire has a 'best practice' approach.

## SUSTAINABLE ENVIRONMENT

### Economic Development

*The Economic Development unit is responsible for facilitating a sustainable peninsula economy through support for a resilient economy, sustainable tourism, increased investment and rural economic activity. The unit operates in the key focus areas of industry and business development, research, marketing, infrastructure provisioning, strategic relationships and workforce development.*

Key responsibilities:

- Supporting local business through identifying, facilitating and nurturing appropriate and sustainable economic development opportunities. In particular by providing general advice and assistance on business expansion and establishment.
- Undertaking programs such as small business mentoring, skills development seminars, industry association support especially through special change schemes in commercial centres, footpath trading licensing, electronic business networking and promotion through MPB Online and conducting business awards that promote excellence.
- Undertaking local economy surveys to assist Council with informed decision making.
- Supporting and nurturing sustainable tourism through servicing tourism operators and their eight local tourism associations. The Tourism team collaboratively markets our region to Melbourne, interstate and international visitors for the off-peak season thereby spreading the economic benefits all year round.
- Packaging and cross promoting the various regional attractions and activities.

Highlight:

The Tourism team recently began promoting Mornington Peninsula as an ideal destination for conferences, meetings and business events. The team has engaged with suitable venues to roll-out a three year business events strategy and action plan. More than 20 businesses participated in a series of industry workshops and subsequently a joint steering committee was formed. The action plan includes:

- Boosting Mornington Peninsula's presence and membership within Business Events Victoria (BEV) by encouraging businesses to purchase annual BEV membership.
- Coordinating a regional Mornington Peninsula section within the BEV Conference Planner.
- Developing a dedicated website to promote Mornington Peninsula business events venues and activities.
- Dedicated conference venue photo shoot, travel trade familiarisation, sales missions and expos to promote business events on the peninsula.

It is planned that the Conference Bureau will ultimately deliver high yield visitors during the February – November period; with an estimated economic benefit of \$25 million per annum creating more than 100 new jobs.

Other achievements for the year included:

- Implementation of the inaugural Frankston and Mornington Peninsula Excellence in Business Awards. This was well received with 71 nominations. The award night was held at the Mornington Racing Club with more than 200 people in attendance.
- Continuation of the Mornington Peninsula Tourism traineeship for seven students and tourism operators.

- Commencing the process of developing a regional food strategy for the Mornington Peninsula to enhance the identity of the Mornington Peninsula as a quality, fresh and innovative food region.
- Development of the Small Rural Landholder Network to facilitate a communication and learning network to deliver innovative products and services via a combination of electronic tools and face to face capacity building engagement strategies.
- Coordinated research to understand visitation patterns, activity preferences and the economic impact on the Mornington Peninsula community by the more than 20,000 holiday home owners (the largest holiday home sector of any municipality in Victoria).
- Mornington Peninsula Tourism was inducted into the Victorian Tourism Awards Hall of Fame after winning the Specialised Tourism Services Award for the third consecutive year.
- Attaining \$250,000 in Tourism Victoria grants and raising \$400,000 from industry in cooperative marketing campaigns.
- Coordinating 18 tourism excellence workshops for industry, with more than 300 tourism operators attending.
- The visitor centre ranked best in the state in the 'mystery shopper' Tourism Business Audit with a score of 97 per cent (state average 86 per cent).
- Trained local accommodation businesses on ways to increase their online bookings with new systems through channel manager ResOnline. Overall bookings transacted in the Tourism team increased eight per cent to \$600,000.
- Product bundling for value-add tour packages resulted in a 227 per cent increase in attractions pass sales.
- Created a six-month campaign to promote the Mornington Peninsula 54-hole golf tournament. The campaign focused on creating long overnight stays and resulted in a 200 per cent increase in registrations for an event which was held in May over three golf courses.
- Successfully undertaking the important and informative 2011 Careers Expo where 50 exhibitors and 1,500 students participated.
- Continuation of the Small Business Clinics (formerly called the Experts in Residence Program) mentoring service which is exceptionally well-supported regionally.
- Management and administration of five retail special charge schemes in Hastings, Sorrento, Rosebud, Mount Eliza and Mornington.
- Establishment of the Mornington Peninsula Marine Alliance to represent the diverse interests of this sector; and subsequently attracting federal government funding to scope the industry's potential for employment growth.
- Undertaking a study into predictable impacts on our local community with the opening of the Peninsula Link freeway. The research document was subsequently utilised in a number of community briefings across the Shire and feedback from the briefings was very positive.

#### Challenges:

- Supporting agricultural activities and integrating agri-tourism into the Green Wedge Zone, to keep enterprises viable and sustainable.
- Supporting Mornington Peninsula Enterprise Centre (formerly the Western Port Business Centre) which has been struggling in tenancy occupation and ongoing financial viability.
- Supporting eight local tourism associations and six chambers of commerce and managing their varied needs and requests.

- The Mornington Peninsula economy is highly diversified and micro orientated. This places additional resourcing strains on the teams to satisfactorily service local industry needs.

The coming year:

- Greater integration of the Tourism and Business Development team activities through selected internal projects that enhance the Economic Development unit's efficiency as well as program effectiveness.
- A revised agricultural audit will be undertaken to review elements of agricultural production across the Shire and accumulate additional knowledge and understanding of economic, environmental and social data to enhance both quantitative and qualitative 'value propositions' around primary production and sustainable land-use function.
- Implement the 'Peninsula Pastures and Produce' program; a newly formed collaborative partnership between Mornington Peninsula Shire, The Port Phillip and Western Port Catchment Management Authority, The Western Port Biosphere, The Victorian Farmers Federation Peninsula Branch, Department of Sustainability and Environment, Melbourne Water and the Department of Primary Industries Victoria. This program will facilitate learning activities across the Shire with an ongoing focus themed around sustainable land management.
- Undertake the biennial business survey to assist the unit and Council to better understand local economic conditions. This is vital in the present global economic uncertainty.
- Continue development of the regional food brand project.
- Undertake research into the viability of marine industry precincts on the Mornington Peninsula and how they may add to employment growth opportunities for our region and the Victorian economy.

# SUSTAINABLE INFRASTRUCTURE

## Infrastructure Strategy

*The Infrastructure Strategy team develops and implements policies and strategies that enhance and sustain infrastructure across the peninsula to the needs and satisfaction of the community.*

Key responsibilities:

- Infrastructure planning and policy which involves research, investigation and coordination of strategic activities including capital works, external funding programs, policy development, transport planning (including public transport), landscaping and shopping centre streetscape development and geotechnical investigations.
- Asset management of the Shire's physical assets including an asset register and knowledge management system, pavement management, roads register and road and asset management plans.
- Traffic and road safety including management of traffic and Shire-controlled roadways (local roads), working closely with the community to address road safety concerns and development of a safer road environment.
- Management of special charge schemes which involve the development and implementation of contributory schemes for infrastructure provisions such as roads, footpaths, drains, car parks and underground power.

Highlights:

The Infrastructure Strategy team had two key achievements with the implementation of the Safer Speeds project and the benchmarking improvements within the Asset Management team.

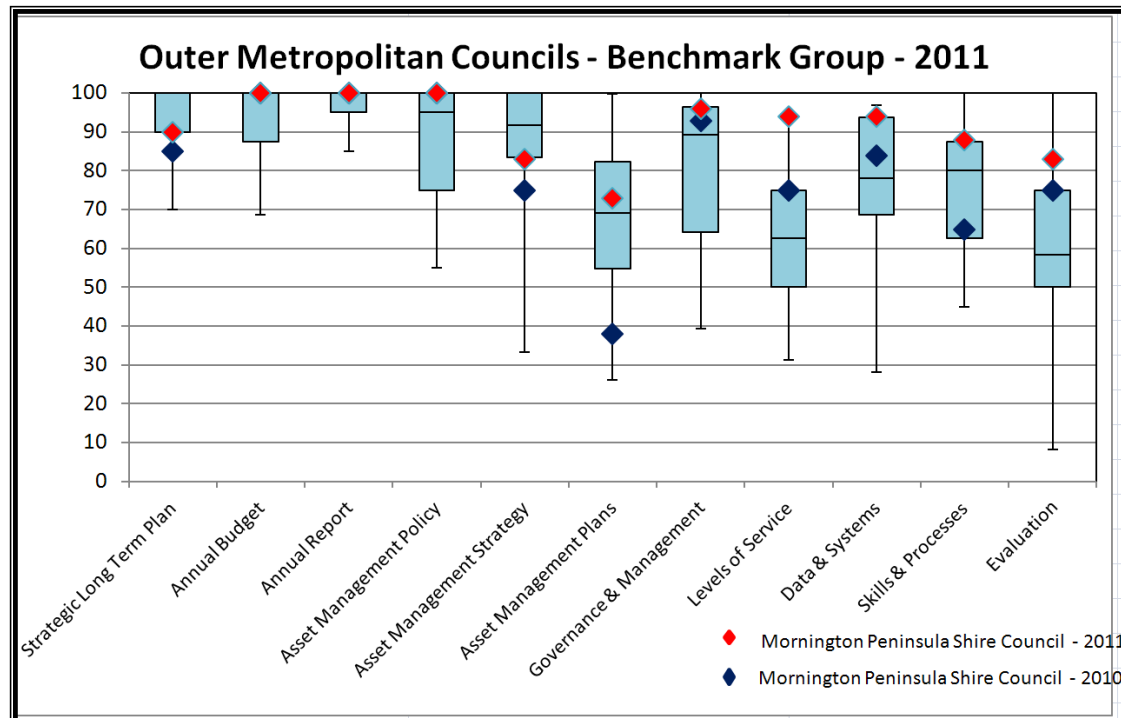
The Safer Speeds project is in two parts: the 40km/h area speed limit for the Rosebud residential area, and the 15 local rural roads with reductions to 80 and 90km/h speed limits, with the aim to counter the high level of crash risk identified. A proactive approach to reduce speed limits has been adopted based on proven research that significant road safety benefits can be gained from lower speeds. As part of the Shire's DriveSafe strategy the Safer Speeds project will assist to reduce road trauma and address the many community petitions and the road safety concerns received about dangerous vehicle speeds.

This is a continuation of many preventative actions the Shire has introduced in recent years including the preparation of a road safety strategy and action plan, conducting public information campaigns, improving (where feasible), unsafe infrastructure sections locations on local roads and working with VicRoads to have improved safety on arterial roads. The effect of the speed limit changes will be independently assessed and reported to Council in 12 months.

MAV Step asset management improvement program 2012/13 has been in place for some years, resulting in significant improvements in asset management activities. One of the activities undertaken as part of the program is the measurement and benchmarking of Council's performance against the National Asset Management Assessment Framework (NAMAF). The NAMAF provides an independent assessment of Council's asset

management policies, strategies and plans, with an appraisal of their renewal demand (the funding required to invest in assets to sustain services).

The 2011 results show improvements by the Shire in all elements over the year, except where scores of 100 per cent were already being achieved. See results benchmarked against other outer metropolitan Councils below.



Other achievements for the year included:

- Completed 13km of footpath/shared pathway.
- Adopted the public toilet strategy.
- Developed the unmade car park construction strategy.
- Reviewed the Shire's road network hierarchy.
- Initiated the Interface & South East Metro Councils Public Transport Working Group, which was set up to investigate and advocate for public transport enhancements.
- Implemented the Frankston & Mornington Peninsula Community Transport Network ([www.fmpctn.org](http://www.fmpctn.org)), a partnership of community organisations that have collaborated to share their community buses and volunteers with residents and other agencies in Frankston and Mornington Peninsula.
- Implemented the 'Get me to class' mobile website, a highly integrated tool that assists students with transport access to tertiary institutions.
- Peninsula RideSafe implemented a number of initiatives to encourage cycling and also enhance cycling infrastructure, which included:
  1. free bicycle valet parking at Western Port Festival
  2. three ride to work days at the Shire offices
  3. hosted a rest stop in Mornington as part of Bicycle Network's Around the Bay in a Day cycling event
  4. bike education skills sessions at Mornington Park and Rosebud
  5. shared pathways in conjunction with footpath strategy

6. Dromana Pump Track plans submitted for cultural heritage management plan.

- Reviewed the Shire's asset management strategy.
- Reviewed the Shire's register of public roads.
- Represented the community and Council with respect to the construction of Peninsula Link freeway.

Challenges:

- Completion of the statutory process for a number of road and footpath contributory schemes.
- Ensuring the communities concerns relating to Peninsula Link were successfully represented and resolved.
- Advocating for, and achieving, enhancements to the sustainable and public transport networks.
- Reviewing the unmade car park construction priorities across the Mornington Peninsula.

The coming year:

- Achieve core maturity as part of the MAV Step program.
- Include Peninsula Link in operation in traffic investigations.
- Commence public toilet strategy refurbishment program.
- Continue the implementation of road construction schemes, with a particular focus of unsealed roads that experience significant drainage issues.
- Improve road safety on our local streets and rural roads with the introduction of the Safer Speeds project.
- Enhance public transport with the delivery of the Mornington bus interchange and the development of a strategy to enhance the 788 Portsea to Frankston, 782/783 Frankston to Hastings/Flinders bus services.
- Plan staff transition within the special charge scheme area.
- Recruit a Traffic Engineer to fill the current staff vacancy.

# SUSTAINABLE INFRASTRUCTURE

## Infrastructure Project Management

*The Infrastructure Project Management team provides project management, engineering design and contract management, with a focus on quality infrastructure, environmental management and sustainable outcomes.*

Key responsibilities:

- Design and construction of streets and roads, community buildings, boardwalks, drains and irrigation systems
- Delivery of the annual capital works program
- Management and development of subdivisions including working with service authorities to ensure services such as water supply and sewerage disposal keep pace with developmental growth
- Protection of our street assets from building activity and preventing flooding due to storm damage.

Highlights:

The construction of the long-awaited contributory charge schemes such as Green Island Avenue and Cobb Road was significant - Not only because of the physical challenges in constructing these unmade roads - but doing it with the support of the local community who made substantial financial contributions.

Other achievements for the year included:

- Completion the Rosebud West Community Hub
- Completion of the historic building refurbishments such as the Mornington Park Pavilion (band hall) and the stables building at Currawong Community Centre
- Managed stormwater, flood and drainage
- Delivered millions of dollars of capital works projects including popular community requests such as numerous playgrounds and the Mount Eliza Skate Park, the Balcombe Creek Boardwalk and large scale drainage relief projects such as The Eyrie.

Challenges:

- Worked with a reduced fee income from large scale subdivisions, which are being replaced with smaller, infill developments as land for large scale subdivisions runs out
- Faced the global skills shortage of engineers, civil designers and project management staff while ensuring projects are still delivered on time
- Dealt with serious and unseasonal storms across the peninsula which required staff to be temporarily reassigned to the drainage team
- Dealt with the aftermath of storms, investigating causes of flooding and developing protection solutions has kept the Drainage Engineer particularly busy
- Addressed the more frequent instances of coastal erosion.

The coming year:

- Aim to ensure delivery of 90 per cent of the committed capital works projects within the financial year, therefore exceeding industry benchmarks
- Take action on the outcomes of the Local Integrated Drainage Strategy.

# SUSTAINABLE INFRASTRUCTURE

## Infrastructure Maintenance

*The Infrastructure Maintenance team is responsible for coordinating the delivery of preventative and reactive maintenance services and emergency maintenance to the Shire's built and natural facilities and infrastructure.*

Key responsibilities:

- Cleansing
- Building maintenance
- Managing the Shire's parks and roadsides
- Implementing the Safer Local Roads program
- Maintaining and constructing public furniture and signage
- Managing the Shire's bushland reserves
- Administrating and maintaining cemeteries
- Maintaining and operating the Shire's fleet services
- Implementing minor capital works programs.

Highlights:

Over the past year extreme and severe weather events involving strong windstorms and intense rainfall have occurred placing additional workloads and pressure on the maintenance teams in the initial response and cleaning up (recovery). The intense rainfall had considerable impacts on the delivery of maintenance services. Extensive and repetitive repairs were required to many kilometres of unsealed roads damaged by stormwater runoff. Shire buildings that had no record of past problems with leaks or flooding experienced issues requiring rectification works. The Shire's street sweeping and drain cleaning programs were also impacted due to flood waters and large volumes of debris.

The windstorms also caused issues. Some Shire buildings experienced damage to roofs requiring initial emergency repairs and subsequent follow-up repairs. Clean up of vegetation to damaged roadsides, open space areas and foreshores took months.

The team's response was not limited to normal business hours. Many hours of emergency response and assistance to the community and emergency service agencies after hours, often throughout the night were undertaken.

Post- drought the parks and roadsides maintenance team has experienced a return to "normal" seasonal conditions. This provided the opportunity to refurbish many of the Shire's parks and gardens.

Another highlight for the Infrastructure Maintenance team involved the Western Port Ramsar protection program. The Western Port wetlands are internationally protected under the Ramsar Convention. A large scale protection program is currently underway to control weeds and animals that damage the native environment. The Mornington Peninsula Shire works in partnership with Parks Victoria, Western Port Biosphere Reserve, Phillip Island Nature Park, City of Casey and the Port Phillip and Western Port Catchment Management Authority, under the federal government's 'Caring for our country' initiative to achieve this. To raise awareness of the significance of Western Port's ecological character, a part of the program is community engagement. To celebrate World Wetlands Day on the 2<sup>nd</sup> February, the Natural Systems team held a well-attended event called 'Breakfast with the birds at

Bittern Coastal Wetlands'. Participants walked the boardwalk at dawn, led in small groups by expert guides, enjoying nature's sights and sounds, finishing with breakfast and presentations at Pelican Pantry in Hastings.

Other achievements for the year included:

- Conducted an expression of interest tendering and evaluation phase to shortlist companies to be invited to tender for the following maintenance services (this was done as part of the Peninsula Way review for the Sustainable Infrastructure Maintenance Services 2 (SIMS2) contracts, following a six month community and stakeholder consultation process):
  1. Buildings
  2. Cleansing and drainage cleaning
  3. Furniture and signs
  4. Parks and roadsides.
- Emptied more than 20,000 litter bins, waste bins and recycling bins throughout January, as a result of the 25 per cent increase in tourism, which also impacted on the need for street sweeping, public toilet and beach cleaning, litter collection and footpath sweeping.
- More than 3,500 primary school students, teachers and parents attended Environment Week activities during the last week in March.
- Prepared 16 new fire management plans for bushland reserves which are ready to be considered by the Mornington Peninsula Municipal Fire Management Planning Committee prior to adoption by Council (Shire already has 191 adopted plans).
- Conducted 39 fire 'walk and talks' from October 2011 to March 2012, in order to engage with neighbours regarding management of bushland reserves. The average attendance was eight residents. The walk and talks were supported by local brigades and attended by Ward Councillors.
- Completed the operational document Feral Animal Management for Biodiversity Protection to better understand the impact of feral animal species on biodiversity within Shire bushland reserves and to identify priorities for feral animal management to best protect fauna and flora values.
- Recruited 10 Briars trainees to undertake Certificate II in Conservation and Land Management while working alongside rangers, and two Undergraduate Conservation Park officers.
- The nursery grew 30 000 plants for specific orders and around produced 25 000 plants for retail sales. It also continued to provide training opportunities including work experience and TAFE placements, volunteering opportunities and school group visits.
- As part of the Shire's *Commitment to a Sustainable Peninsula* and to reduce its impact on climate change, over the past six years the number of six cylinders in the Shire's fleet has reduced from 109 in 06/07 to 16 in 11/12 and four cylinders has increased from 49 in 06/07 to 145 in 11/12. This has resulted in a reduction of the Shire's greenhouse gas emissions per annum.
- Completed six stormwater retrieval and reuse systems which provided the collection and reuse of over three mega litres of water for irrigation of sports fields and other maintenance activities.
- Completed year eight of the oval rehabilitation program, which resulted in a reduction of potable water usage for irrigation of public open space by 90 per cent.
- Sorrento Park was refurbished to its former glory as the Shire's icon horticultural garden with annual and perennial beds and the planting of a range of specimen trees.

- Mornington received an upgrade of landscapes, as part of the minor commercial precinct upgrade and gateway treatment programs. The team replaced the ageing row of Italian polar trees located in the centre median strip of Nepean Highway, extended the planting from Bungower Road to Main Street. Somerville received a refurbishment of the landscaping in the roundabout at Eramosa Road East and Frankston-Flinders Road. In addition all street furniture was upgraded, with new tree guards being installed and all existing furniture being painted.
- Wilsons Road, Mornington received an upgrade with the planting of new semi advanced street trees. The project was successfully completed as a result of extensive community consultation.
- New street lighting was installed in Ocean Beach Road, Sorrento to replace the non-standard lights that had been in place for over 25 years and had come to the end of their serviceable life.
- A grant obtained through the R.E.Ross Trust has enabled the purchase fencing materials to upgrade The Briars feral exclusion fence being built by a team of new volunteers to help protect and enhance the parks biodiversity.
- Continued development of The Briars Homestead historic gardens, orchards, kitchen garden, grounds and developed and trained a team of new volunteers.
- Successfully relocated 700 Dwarf Galaxias from the path of Peninsula Link to the Crake Pond at The Briars, where the endangered native fish were to a pond free of threatening mosquito fish and with excellent plant cover.
- The National Gallery of Victoria loaned three works from the Dame Mabel Brookes collection for the exhibition *Napoleon: Revolution to empire*:
  1. *Napoleon on board the Northumberland 1815*
  2. A locket containing a lock of Napoleon's hair
  3. *Emperor Napoleon on his deathbed 1821.*
- The Honourable Alex Chernov AC QC Governor of Victoria and Mrs Elizabeth Chernov visited The Briars in October as part of their tour of the peninsula.

#### Challenges:

- Increased tourism putting pressure on service levels and standards, including cleansing.
- Responding to the impacts on the Shire's parks, gardens and foreshore reserves due to the increased tourism.
- Responding to the impacts on the Shire's sports fields due to the ever increasing growth in participation in summer and winter sports.
- Provision of alternative training facilities (grounds) for sports clubs.
- Increased levels of dumped rubbish.
- Reaching out to the community over fire management issues.

#### The coming year:

- Provide additional funding for a range of service enhancements including:
  1. Provision of town based seasonal clean keepers over the 12-13 summer period
  2. Street tree renewal
  3. Gateway treatments
  4. Amenity tree pruning
  5. Minor commercial precinct furniture upgrades
- Continue to explore the opportunities to be innovative and responsive to changing infrastructure maintenance needs while applying accountable fiscal management to ensure expenditure is within available operating budgets.

- Continue to progress the 'Peninsula Way' review for delivery of long-term, value-for-money, strategic and integrated SIMS2 beyond March 2013.
- Commence contract for the procurement of feral animal control services for the next three years.
- Prepare master plans for The Briars and Warringine parks.

# SUSTAINABLE INFRASTRUCTURE

## Renewable Resources

*The Renewable Resources team advises the Shire and community on ways to work towards sustainability by being strategic and innovative in the development and delivery of programs and services involving waste, water and energy and managing the risk and opportunities of climate change.*

Key responsibilities:

- Policy and strategy development.
- Community engagement and education on climate change.
- Water use and efficiency.
- Energy use and efficiency.
- Waste management including strategy and operational issues.
- Advocacy.
- Innovation.

Highlights:

The Shire facilitated a community group purchase scheme for solar power in early 2011. The Shire's role in this project was to assess the price, products and workmanship of solar power providers and recommending the best provider to the community. Around 900 residents registered their interest in the program which enabled the Shire to negotiate a good discount on their behalf. More than 250 residents proceeded to purchase solar power systems for their homes. The panels were installed and were operational by the start of the financial year. In total over 700 tonnes of greenhouse gas emissions per year have been eliminated which is equivalent to removing 175 cars off the road each year.

The Shire also took advantage of the discounted price on offer by having 1.5 kilowatt systems installed on 11 Shire facilities and community halls. Each system is expected to save around \$350 per year in reduced electricity costs.

Other achievements for the year included:

- Continued delivery of community education and engagement programs based at the Eco Living Display Centre at The Briars in Mount Martha. The centre aims to show residents how they can retrofit their homes to make them more sustainable and energy, water, waste and resource efficient. Since opening more than 5,000 people have visited the centre. Workshops this year included:
  1. Schools Environment Week with over 500 children participating
  2. Keep Australia Beautiful, winner of Victorian Tidy Town Awards 2011
  3. Daffodil Day
  4. Sustainable House Day, a nationwide event promoting sustainable houses
  5. sustainability workshops during school holidays including composting activities and safari adventures
  6. sustainability workshops on topics such as permaculture, seed saving, wicking beds and rainwater gardens
  7. gardening and pruning demonstrations including indigenous gardening
  8. Mayoral Sustainability Awards

- The Sustainability Street program was launched last financial year and since then three groups have established in Rosebud West, Red Hill and Balnarring. These have been involved in a number of initiatives including food and plant swaps, sustainability workshops and establishing formal networks to share experiences and learn together.
- Continued implementation and refinement of new waste contracts for the operation of the Shire's landfill, transfer stations and green waste processing. The new contracts feature innovative waste minimisation targets as well as engagement of local residents to operate the re-sales shop. Recycling rates from the transfer stations of 50 per cent are being achieved, exceeding the 20 per cent target.
- Two no-charge green waste weekends were provided with the declaration of the fire season in December and again in April. More than 4,240 residents made use of the free service on the April weekend, depositing some 5,500 cubic metres of green waste, an increase of 1,300 in 2011.
- Provided a free television disposal service.
- The opt-in kerbside green waste collection service continued to expand – more than 12,800 residents living within the urban growth area pay for green waste collection each fortnight.
- Continued operation of domestic kerbside waste services. Each year four million household garbage bins and two million recycling bins are emptied.
- A new green waste processing trial is being developed at the Tyabb Waste Disposal Centr. Approval is being sought from state government to undertake the trial over the next 12 months or more. The new process is expected to significantly reduce the time that is needed for the green waste composting process.
- An illegal dumping initiative is continuing to be implemented jointly by the Shire, the Regional Waste Management Group and VicRoads. The program is aimed at 'hot spots' where illegal dumping is an ongoing concern. Counter measures include video cameras, education and enforcement.
- Clean up Dumping - this initiative aimed at tackling illegal dumping by mobilising the community for a weekend of action to clean up dumped rubbish at five hot spots across the Shire. The campaign was delivered in partnership with the Shire and funded by the Yulgilbar Foundation.
- Clean Up Australia Day was a success with more than 50 sites registered across the Shire by community groups, schools and individuals. More than 1,000 volunteers contributed.
- Purchased green power for approximately 300 Shire buildings.
- Purchasing of green power for public street lighting ceased and these funds were redirected towards development of small scale energy generation and investigation of energy opportunities for the Shire.
- The Shire participated in an electric vehicle trial run by the Victorian Department of Transport. The plug-in hybrid Prius tested real-life conditions using an electric vehicle which has a range of 20km before the engine reverts to standard petrol use.
- The Shire has reduced its use of potable (drinking) water by 60 per cent based on 2008 consumption. Savings have been made with the installation of water tanks and retrofitting Shire facilities with leak detection and water saving devices.
- Implemented Mornington recycled water scheme. It will provide recycled water to the Mornington Racing Club, Dallas Brooks Park and Civic Reserve (in Mornington). Over 100ML of drinking water will be replaced when the scheme is at full capacity in the summer period.
- Council worked with Casey and Cardinia councils and the state water authorities to undertake a pre-feasibility study for the Bunyip Food Belt. The project aimed to

enhance primary production in the Casey/Cardinia corridor and the Somerville/Tyabb area. A key part of the project was to investigate the feasibility of providing recycled water to producers.

Challenges:

- Monitoring how carbon pricing impacts on the cost and provision of Shire services.
- The state government Environment Protection Authority (EPA) will increase its landfill levy from \$44 per tonne to \$48.40 per tonne in the coming year. This will result in an increase in fees and charges. Further increases have been foreshadowed for future years.
- EPA requirements for managing open and closed landfill sites are increasing, and will require a greater level of resources including external auditing requirements, bore sampling and remediation works.
- Increased costs for green power and water.

The coming year:

- Living Rivers, a water sensitive urban design project, will be constructed over the next two years and jointly funded by a Melbourne Water grant of \$225k and a contribution of \$90k from the Shire.
- An integrated water management strategy will be developed and placed on exhibition for community comment. It aims to develop a strategy and capital investment plan for the three key areas of water quality, alternative water supply and demand management.
- Review new waste minimisation targets with the aim of realising the potential benefits in conjunction with the contractor.
- Undertake a review of 'at-call' services for green and hard waste.
- Develop new kerbside garbage and recycling contracts.
- Establish a re-sales shop at the Rye resource recovery facility.
- The Shire will be working with its independent auditor to undertake works and monitoring at its closed landfill sites with the view to reduce these monitoring requirements in the future if standards continue to be met. Some remediation may be required to achieve the outcome.
- Continue support for climate change adaptation research projects through the federal government's coastal adaptation decision pathways project (being led by Coastal Planners for the Shire).
- Develop a community engagement plan to focus on adaptation for climate change.
- Establish a Climate Change Steering Committee to lead the adaptation approach and identify priorities for action and identify gaps in our response.
- The Climate Change Community Engagement Officer will be running a calendar of programs and workshops at the Eco Living Display Centre.
- Develop an energy efficient street lighting business case, and seek funding support from state and federal governments.
- Review the greenhouse action plan to establish new targets and actions.
- Continue to advocate to government to provide funding support for a recycled water scheme for the Tyabb and Somerville areas as part of the Bunyip Food Belt program.
- Continue retrofitting water saving devices to Shire buildings as part of the corporate water program.

## SUSTAINABLE COMMUNITIES

### Child, Youth and Family Care

*The Child, Youth and Family Care team supports, nurtures and develops families and young children within the Shire through a range of direct services, as well as assisting community and not-for-profit organisations with financial and infrastructure support.*

Key responsibilities:

- Communities That Care, building safer neighbourhoods for children and their families.
- Maternal and child health and immunisation services.
- The Early Years team focuses on improved health, wellbeing, learning and development of children aged 0-8 years and their families. The team is responsible for a number of programs including Best Start.
- Child care programs for ages 0-13 years including family day care and outside school hours care.
- Neighbourhood/community houses, pre-school committees of management and information and support centres.
- Management of the Shire's community directory and community grants scheme.
- Youth Strategic Planning and Support including one-on-one support for young people and their families, personal development and leadership programs, after school and holiday programs for young people aged 10-17 years, operation of the Shire's Youth Centres *YLounge, Shed11 and Beachcomber*, and numerous programs, music events and skills training.

Highlights:

The early years sector across the Shire demonstrates continued growth in, and commitment towards working collaboratively to improve outcomes for children. The Shire's role in the strategic facilitation of linkages and supporting opportunities for shared knowledge and connections across the community is strongly valued by stakeholders. The Early Years team's vision of a sustainable future through improved outcomes for children is increasingly well-known in the sector. Stakeholders understand how this relates to both the work that the team does on behalf of the community and also the strategic direction of the Shire as a whole.

A breast feeding café in the Mornington area was started. This is a weekly drop in service to increase breast feeding rates by offering early and practical support in a timely manner.

Participated in a joint research project with Frankston Maternal and Child Health (MCH) Early Home Learning Study for Parenting Research Centre. Final program delivered at end term 1 – findings to follow.

Finalising a behaviour modification research project from Murdoch Children's Research Institute with a randomised trial of families in the Western Port area. MCH has delivered group sessions to families when their children were 12 & 18 months of age.

The young parents program to mothers who are 19 years and under has been extended. The Enhanced Home Visiting Services will support these women until their child is 21 months. It

is envisaged that parents will join the Universal Service for their 2 year and 3.5 year assessment of their child.

The family connectedness program 'Wildlife' took out the Keep Australia Beautiful Tidy Town Young Leaders Award (Victoria). The aim of the Wildlife program is strengthening relationships between young people and their peers, family and community. In 2011 the program was offered to young people from Balnarring, Red Hill, Boneo, Rye, Rosebud and St Andrews. Some of the highlights (as demonstrated through the end of program evaluation) were the martial arts therapy sessions, family dinner, healthy cooking sessions and a family day trip to IMAX and the Melbourne Museum. Some of the positive comments that we received from the young person's significant other were as follows: "Having four children it was a great opportunity to have one-on-one time with one of my children"; "It was fantastic to have that time with her"; "It was great spending time with my niece one-on-one"; "I spent a nice day with my sister" and; "I've always got too much on, so its good to make time to have a day out with the kids".

The introduction of the Education and Care Services National Regulations and the National Quality Standards has seen changes for both our family day care (FDC) and outside school hours care (OSHC) services. The new regulations and standards have been welcomed by our team, and many changes have been made. These will extend and enrich children's learning, which in turn maximises their potential and supports a strong foundation for future success in learning.

The FDC program received a nomination in the 2011 Australian Family Child Care Awards 'Children's Service of the Year' and was acknowledged for outstanding achievement in child care.

Other achievements for the year included:

- The Annie Sage Child Care Centre was closed on 30<sup>th</sup> December 2011. All items e.g. toys and equipment were utilised within other Shire services, including FDC, MCH, OSHC, playgroups, Pelican Park child care, Mornington, Somerville and Hastings recreation centres and delivered meals. A number of items were also donated to local services including Baxter preschool and the Men's Shed.
- Our child care services are contributing to realising the Council of Australian Governments vision that "*All children have the best start in life to create a better future for themselves and for the nation*".
- The 2011/12 year has continued to see improved utilisation of our after school care programs, particularly welcoming has been the increased numbers at the Red Hill after school care program. Our three school holiday programs also continue to be well utilised.
- The establishment and continued strength and growth of the Flexible Learning Network 'Oakwood School' at the Hastings Shed 11 youth centre and Rosebud YLounge have been incredibly positive. Currently the program has approximately 20 young people regularly attending across the two sites with many positive academic outcomes being achieved. Oakwood School and Flexible Learning Network provide a case managed personalised education plan and pathway for young people who have left, or are disengaged from school. The intention of Oakwood School and Flexible Learning Network is to re-introduce students to learning to the extent that they are able to be successful and to build upon this success to develop their learning potential and commence a journey to a successful adult pathway.
- MCH is sponsoring four midwives in 2012/13 to complete their MCH qualifications.

Challenges:

- Staffing for MCH continues to be a challenge, including casual staff.
- There are some upcoming challenges for the child care programs into 2012/13 and these include; recruitment of FDC educators – changes to the regulations now require FDC educators to undergo a minimum of Certificate III in child care and this has so far proven to be an issue for recruitment. The service will be looking at new innovative ways to improve recruitment over the coming months.

Major issues:

- Significant challenges are arising from the implementation of the National Early Years Reform Agenda. Disagreement around the details of implementation has arisen between state and federal governments. Agreement on key factors such as responsibility for costs associated with required capital development, service level per capita funding and implementation timelines has not yet been achieved. At a local level it is becoming increasingly unlikely that some aspects of the reform agenda, in particular Universal Access, will be achievable by the previously agreed date of 1 January 2013.
- Addressing the ever increasing community expectation of having a youth service presence in each of the Shire's townships. This includes the strong demand for individualised one-on-one personal support and dynamic youth programs. Staff constraints that the service is facing in 2012 will make this a challenge.
- Staffing continues to be an issue within the OSHC program. The staffing of both the school holiday program and after school care is challenging with many staff choosing to work in the program while they transition to permanent employment options, this has resulted in the need to increase the number of staff in the casual pool. Further work will be instigated to improve recruitment strategies for OSHC programs

## SUSTAINABLE COMMUNITIES

### Aged & Disability Services

*The Shire's Aged & Disability Services team strives for quality outcomes for older people and people with disabilities and their carers within our diverse community.*

Key responsibilities:

The 250 employees and 220 volunteers of the Aged & Disability Services team provide a range of in-home and community-based support services to enable older people and people with a disability to remain living at home safely and independently. Services are particularly focussed on empowering individuals to maintain and improve their functional capacity, utilising Home and Community Care (HACC) Active Service Model and Positive Ageing principles.

- Information, assessment and referral.
- Home, personal and respite care.
- Delivered meals.
- Home maintenance and modifications.
- Community transport and activity programs.
- Senior citizens centres.

*Note: Services are funded by federal and state governments and the Shire.*

Highlights:

A community care worker advocated to a local bank branch to install an 'accessible' ATM, as a client with vision impairment was not able to use the standard ATM independently. The bank responded positively and the client can now bank independently, at the bank of her choice, around the corner from her home.

An older carer (mother) of an adult with a severe intellectual disability lost her husband last year and sustained a serious back injury within a short space of time. She and her husband had provided around the clock care, without assistance from family or services, for their son (now in his 50s) his entire life. Having reached crisis point, the mother contacted the Shire to arrange support services. She has since explained that was a big step, as she and her late husband had always vowed they would never accept services, preferring to care for their son themselves. She has praised the quality of care she and her son have received from our trained, competent and compassionate community care workers in several letters to the Shire, emphasising the major impact this support has had at a time in her life that she needed it most.

Other achievements for the year included:

- Excellent results in three external audits including annual Quality Management System ISO 9001, annual Class One Facility Food Safety and triennial Community Care Standards.
- Continued progress in implementation of the HACC Active Service Model. The approach seeks to 'do with, not for' ensuring that support services don't create dependency but enable clients to undertake many of their own personal, domestic and community activities of daily living with targeted interventions and support.
- Extensive community consultation to develop a Draft Positive Ageing Strategy to follow on from the previous Elder Citizens in the Community Strategy.
- Continuous improvement of risk assessment processes and control measures.

- Significant reduction in workplace injuries in a high risk industry.
- Ongoing identification of vulnerable clients and provision of assistance to develop their own personal emergency management plan (i.e. what they will do in the event of a bushfire or heatwave (in the absence of family members to assist).
- With the frequency, severity and duration of heatwaves and bushfire predicted to increase in the future as a result of climate change, the team have continued to refine heatwave and bushfire response plans to assist our more vulnerable community members to survive these extreme weather events.
- The team also delivered the following, to enable more than 9,000 (over the year) older people and people with disabilities to remain living at home safely and independently:
  1. 4,064 comprehensive 'living at home' assessments to develop care plans to support clients' independence and functional capacity (an increase of 1,314 assessments)
  2. 167,000 hours of home/personal/respite care (an increase of 4,000 hours on last year's figures).
  3. 86,000 delivered meals.
  4. 4,500 hours of home maintenance and modifications (an increase of 500 hours)
  5. 9,300 community transport passenger trips (an increase of 800 passenger trips)
  6. 6,000 hours of activity programs.
  7. Support to 18 senior citizens clubs, including six from culturally and linguistically diverse backgrounds.

#### Challenges faced by the team:

- Keeping pace with increased demand for support services from an ageing and much higher than average older population.
- Providing quality services in the context of external funding shortfalls and increasing costs of service delivery including labour cost increases and food/fuel cost increases.
- Facing skills and labour shortages in community care worker and assessment sectors.
- Meeting team standards for timely response to service requests with an increased number and complexity of client referrals.
- Managing increasing complexity of care requirements for clients.

#### The coming year:

- Continue advocacy to state and federal governments to allocate funding that keeps pace with the actual costs of service delivery and the increasing need for service from a much higher than average population .
- Collaborate with other agencies to advocate to state government on impacts of recently announced HACC funding cuts.
- Participate in consultation by the commonwealth on national health and aged care reforms.
- Continue expansion of community transport programs to ensure all peninsula residents (older people and people with disabilities) have suitable options to enable them to fully participate in community life.
- Finalise and implement the Positive Ageing Strategy which will include a 'whole of Council' and 'whole of community' approach to positive ageing.

- Continue integration of the Department of Health strategic direction, active service model, into all aspects of service delivery.

# SUSTAINABLE COMMUNITIES

## Recreation and Leisure

*The Shire is committed to supporting and strengthening the wellbeing of our diverse communities by developing and providing innovative and enjoyable social, recreational and leisure experiences.*

Key responsibilities:

- Management of peninsula open spaces including 193 kilometres of foreshore, 350 parks, 139 bushland reserves, 160 playgrounds, more than 1,000 campsites and 58 sporting fields. The team also manages the Shire's leisure centres, sporting and recreation facilities, community halls, recreation reserves and foreshore camping facilities.
- Pelican Pantry café and hospitality training facility.
- Community event planning, approvals, assistance and advice.
- Temporary community signage policy and management.
- Operational responsibilities of Peninsula Community Theatre.
- Strategic recreation planning.

Highlights:

A cross-organisational team was developed to review compliance requirements and develop a comprehensive event guide. The new assessment guidelines have been developed based on risk. A Category 1 event, wedding and filming kit have been developed and trials within the community commenced in February 2012. It is anticipated that 60 per cent of all events will now be assessed and approved by the Events team within 14 days. The LGPro Event Network has described the initiative as an industry benchmark. Development has commenced on a Category 2 event and market kit.

There were 542 events in 2011/12. Community events were again popular this year, with more than 85,000 people attending Australia Day celebrations and more than 8,000 people attending the Pet & Pony Expo on the Village Green in Rosebud.

Consultation has been conducted with a number of key community stakeholders in order to improve the event operational plan for the Tyabb Air Show in 2012. There is an improved level of cooperation and respect between parties involved, communication strategies have been implemented and local residents and businesses have had the opportunity to comment on event planning which may impact them.

The playground strategy implementation program included the installation of new playgrounds at Balnarring Civic Reserve, Brim Brim Wetlands and Karina Street reserve in Mornington and Mount Arthur Reserve in Rosebud. Swings were added to playgrounds in Mount Eliza and Vern Wright Reserve, Rosebud. Outdoor table tennis tables were installed at Sorrento Park and in Balnarring Civic Reserve; both have been popular and are used like a basketball hoop with users bringing their own bats and balls.

Master plans were initiated for Woolleys Reserve, Crib Point and Police Point Shire Park, Portsea. The Police Point plan was placed on public exhibition. This plan encompasses a detailed conservation management plan and a landscape master plan and was developed in close liaison with a community reference group. The Woolleys Reserve plan focuses on

provision of improved facilities to support equestrian facilities whilst also ensuring that a part of the reserve remains accessible for general public use at all times.

Work continued on the project to develop a revised Equestrian and Roadside Trails Strategy. More than 350 trail users completed surveys to indicate where they rode horses or bikes, and more than 100 people attended workshops to identify and discuss trail issues. A revised trail network has been mapped and the strategy identifies a range of improvement-related actions. Many trail users expressed frustration at lack of maintenance of trails, particularly vegetation maintenance. After two years of higher rainfall and lush growth many trails have become overgrown. The strategy identifies a service standard for maintenance to address this issue. Public information will ensure riders and walkers know where the designated trail network is and foster horse trail riding and mountain biking tourism opportunities. A long distance trail ride has been identified – from Merricks Station Ground Reserve to Boneo Recreation Reserve with possible future extension options.

Three master plans were adopted and implementation commenced for John Butler Reserve, Bunguyan and Tyabb Central Reserves, and the Parade Ground. Stakeholder groups actively participated in the development of these plans, and implementation of key improvements will take place over the coming five years.

Capital works programs included: construction of the Mount Eliza skate facility, refurbishment of the Mornington Park Pavilion and the Currawong Stables Community Centre and a sports pavilion upgrade at Crib Point Recreation Reserve.

The summer camping season at Rosebud, Rye and Sorrento was again very successful with 100 per cent occupancy during peak season. Increases were also experienced in visitation during the off peak periods: pre-season camping occupancy was up on last year by 10.5 per cent and post-season occupancy was up 5.12 per cent.

The promotion of foreshore camping in RACA, AAA tourism, Coastal Camping Victoria and VicParks publications as a relaxed family camping introduced the area into many new markets. Two separate national news pieces appeared on television, five local newspaper reports along with What's up Down Under lifestyle program doing a special on the park. All media pieces showcased the increasing popularity of the Mornington Peninsula as a popular tourist destination on Melbourne's doorstep.

Community hall usage of the Shire's 35 halls continued to grow in popularity. The Shire's 'one stop shop' for bookings has facilitated an increase in the occupancy levels in halls and meetings rooms. General phone, email and web enquiries continue to increase making the hall booking process more accessible to the community. There are more than 500,000 facility users throughout the year, including 270 regular user groups. This year showed an increase in private function hirers who are choosing to hire a community hall in preference to private homes or commercial centres. Some halls that have previously recorded low occupancy have been utilised for regular training programs.

Pelican Park Recreation Centre has been awarded the Platinum Pool status by Life Saving Victoria for the fifth consecutive year. The centre is audited against an extensive set of industry principles to ensure the provision of safe water spaces for the community.

Service Provision Recognition in the National Benchmarking Survey for Sport & Leisure Centres (CERMS). This is a widely recognised tool for facility managers to gauge their performance against like facilities within the industry. The sample size (average 110 per year) allows for a detailed analysis of general criteria of areas of operational management.

The following table provides a comparison for Pelican Park against similar facilities with a catchment population range of 5,000 – 10,000 with a 25 metre indoor pool for the period 2010 /11.

<b>Key indicator</b>	<b>PPRC</b>	<b>Sample median</b>
Visits per year	307,550	203,860
Visits per square metre	99	83
Expense recovery	78%	75%

The former Hastings Leisure Centre has been transformed into an exciting new community meeting place known as the Hastings Community Hub. The \$3 million redevelopment was funded by state and federal governments, with a contribution by Mornington Peninsula Shire. The hub offers various meeting places, office space, a community kitchen and dining area, an IT room and art room. A range of community programs has been established at the hub, which is also home to the Hastings Neighbourhood Renewal initiative.

The Pelican Pantry partnership with Chisholm Institute of TAFE successfully delivered two additional student intakes this financial year. 15 students were enrolled in Certificate II in Hospitality Operations. Student numbers were in short supply largely due to a reduction in job network referrals as a direct result of changes in government contracts for this sector. In addition to this, unemployment in the immediate area has been reduced with the opening of a number of new retail stores. With this in mind, a thorough review of operations including alternative operating models and training partners was presented to Council for consideration, which resolved on the 2<sup>nd</sup> April 2012 to enter into a 21 year lease with a commercial operator. The Waterfront café commenced operations July 1, 2012.

Pelican Pantry operated as part of Mornington Peninsula Shire from December 2003 until June 2012. Since its commencement, it has been successful in influencing the lives of more than 400 trainees and students by providing them valuable life and work skills, and most importantly learning pathways and job opportunities. In addition to this, Pelican Pantry has developed strong relationships with a number of local organisations including PTEP (Peninsula Training and Employment Program Inc) and the LLEN (Local Learning and Employment Network) and more recently Chisholm Institute of TAFE. The training café was also well supported by large sections of the community which assisted the Shire in fulfilling the Pantry's mission.

Other achievements for the year included:

- The New Years Eve 'No entertainment, No nonsense' Strategy implemented in Sorrento and Portsea was highly effective. Continued support has been received from the local community and businesses.
- Completion of a marketing plan for the Peninsula Community Theatre.
- Draft soccer and tennis strategies were presented to Council and placed on public exhibition.
- The Draft Active Sports Strategy was presented to Council for adoption.
- Work commenced on a tennis and netball facility audit to determine issues and asset conditions. The strategies will be taken to Council for adoption after the results of the audit work is incorporated. These will help ensure that Council makes sound evidence based decisions about expenditure for sporting facilities and support programs.
- New signs with safety advice were developed in liaison with local youth and installed at all skate parks.

- The location of Civic Court Reserve in Balnarring was chosen for the Balnarring/Bittern skate park, and planning work commenced to determine the appropriate location for a skate park in Mount Martha.
- Draft Pavilion Strategy was completed rating all 85 sports pavilions as to their suitability to meet the needs of sports clubs. A workshop with Councillors was held to discuss current trends in the provision of sports clubs.
- Comprehensive sports lighting audit and strategy completed and adopted by Council. This strategy provides direction for sports clubs in the provision of sports lighting as well as maximising the use of sports grounds while maintaining safe sports surfaces.
- Planning work has commenced to determine the best location for the proposed Mount Martha skate park considering a range of key assessment criteria such as accessibility, integration with existing facilities and visibility.
- Works began on the Howard Parker Reserve Master Plan which includes a new car park, walking path, playground and fitness stations and on the Long Point Reserve master plan undergrounding of power works in order to make the gun club area safe.
- The Red Hill Recreation Reserve oval was resurfaced to a warm season grass improving the drought tolerance and providing a hard wearing surface .
- Major improvements to foreshore camping services during season 2011/12 included:
  1. The installation of 96 new washing machines and dryers
  2. All 26 laundries being upgraded with new flooring, benches, painting and plumbing
  3. New invoicing procedures
  4. The creation of a mobile office to better service campers in the field
  5. 15 additional point power heads powering 60 sites
- The community hall bookings team is currently implementing a new booking system, which will allow a lot more flexibility for the hirers and booking officers.
- Installation of new children's water slide at Pelican Park Recreation Centre.
- Commencement of critical drainage works at Mount Martha Public Golf Course including the installation of new and renewed drainage lines on the fairways, tees and selected greens.

#### Challenges:

- Attracting corporate sponsorship for community and special events in 2012/13 will be challenging due to the global economic climate. A number of community events were postponed this year due to reduced sponsorship and increasing contractor fees.
- As the legislative controls increase and continually change (e.g. compliance, occupancy, food, traffic management and amplification) it has become more complex for event organisers to stage community events and organisers require an increased level of support.
- The changing weather patterns will have an impact on events, particularly high fire danger periods when on code red days all permits will be revoked and hall bookings cancelled.
- Extreme weather conditions continue to impact on facilities and outdoor venues. For example, Mount Martha Public Golf Course recorded over 1100mm of rain, the second highest since opening in 1976.

#### *Open space assessments*

- Throughout the year a number of open space assessments of Shire land were undertaken in liaison with other Shire teams including natural systems,

infrastructure and property to determine if identified parcels of Shire land should be retained or disposed. Ensuring the community has ready access to quality open spaces is important. A key challenge is to ensure that available open space meets community needs and expectations, and that adequate open space is available in the right location.

- The third stage of the refurbishment at Mount Martha Community House is to commence later this year. This requires the relocation of more than 50 regular user groups, which is quite a challenge.
- The need for additional playing fields due to the continuing growth in junior sport, particularly junior AFL and soccer.
- The challenge for the foreshore camping team in 2012/13 is to continue to implement capital works and enhancements, including:
  1. New cleaning schedules
  2. Proactive maintenance schedules and better response times
  3. Continued implementation of the amenity block strategy
  4. Installation of more power heads.

The coming year:

- The Community and Special Events team will be coordinating free community event planning workshops which aim to educate organisers on legislative requirements, succession planning and risk and traffic management.
- Develop and implement a Category 2 Event and market kit, which will transfer the responsibility for the approval of markets to the Community and Special Events team.
- Develop and implement a communications strategy to inform the community of events being held on the peninsula. This involves development of a dedicated event web page, a partnership arrangement with local media and use of various applications such as Vic Events and Myevents.com.
- The community signage policy is being reviewed by the Shire's Economic Development team in partnership with the Community and Special Events team. VicRoads has granted approval to implement permanent signage frames across the peninsula.
- The Recreation Community Partnerships team will continue to support Section 86 committees of management which are important forums for local communities with regard to their local community halls, sporting and equestrian reserves.
- Construction of Balnarring/Bittern skate park.
- Completion of underground power at Long Point Reserve.
- Completion of the Howard Parker Reserve Master Plan works in Mount Eliza.
- Refurbishment Stage 3 for Mount Martha House.
- Community hall audit to be completed providing comprehensive information assisting hall users.

## SUSTAINABLE COMMUNITIES

### Libraries, Arts & Culture

*A core goal of Libraries, Arts & Culture within the Shire is to raise community participation and increase access to arts and cultural experiences, information, technology and learning.*

Key responsibilities:

- Free access to books, magazines, newspapers, CDs, DVDs, comics and talking books.
- Free access to technology such as the internet, homework tutoring, digital talking books and other digital resources to assist family history research, education, professional or recreational purposes.
- Providing access to mobile and home library services.
- Providing access to exhibitions of local, national and international works of art at Mornington Peninsula Regional Gallery (MPRG).
- Hosting events and lifelong learning programs at MPRG and Our Library to encourage community participation in arts, cultural and literary experiences.
- Supporting the development of the Local History Network with training and practical assistance to facilitate preservation of and access to local history resources.
- Development and implementation of the Shire's Arts and Culture Strategy.

Highlights:

Our Library continued to foster the importance of literacy with the development of new programs for our community. Throughout the year team members also collaborated with the Frankston and Mornington Peninsula Literacy Villages – a partnership project between state and federal governments, the City of Frankston, Mornington Peninsula Shire and the Catholic Education Office.

In June 2011, Our Library initiated the 'Ready Set Read' early literacy pilot outreach program, which targeted the Western Port areas of Bittern, Somerville, Tyabb, Hastings, Moorooduc, Baxter, Crib Point, Shoreham, Balnarring, Somers and Flinders. Almost 3,000 children aged 0-5 years and their parents enjoyed fun and educational visits by library team members to kindergartens, playgroups, occasional care, childcare, family day care groups and immunisation sessions. This highly successful program is currently being delivered across the peninsula and is expected to reach an additional 5,000 children and their parents in 2012.

Around 46 per cent of the Australian population struggles to read. As a result, Australian libraries and library associations have designated the year 2012 as the National Year of Reading. Throughout 2011 Our Library team members developed a comprehensive plan to build on existing services and provide a range of inclusive programs.

More than 40 events were presented to commemorate 150 years since the gazetting of the townships of Rye, Dromana, Hastings/Old Tyabb and Mornington. These celebrations were planned and coordinated by the Libraries, Arts & Culture team in partnership with local community committees and attracted large numbers of residents. The Governor of Victoria, The Honourable Alex Chernov AC QC and Mrs Elizabeth Chernov toured the peninsula on

Thursday 27 October and unveiled four historical markers at the oldest primary school in each township as well as visiting the MPRG.

The biennial Festival of Arts and Ideas was held in October and featured more than 50 events. The month-long festival presented a 'trail' of events that celebrated the creative works of local and Victorian artists and musicians, along with a books and writing program that presented talks, readings and workshops by leading authors and poets.

Two key art exhibitions were presented: *Sea of dreams: The lure of Port Phillip Bay 1830-1914*, a blockbuster exhibition developed by MPRG that attracted over 15,000 visitors between December and February; and *Roy Lichtenstein: Pop remix* (a National Gallery of Australia touring exhibition) from April to June. The MPRG was the sole Victorian venue for this exhibition.

Other achievements:

- Leading Australian writer, Garry Disher, was named local ambassador of the National Year of Reading 2012.
- Popular children's author and illustrator, Jeannette Rowe, joined forces with Our Library as the Ready Set Read ambassador.
- The book launch of *The Festival by the Sea*, the sequel of bestselling local 'hen-lit' novelist, June Loves.
- The Big Read fun day for all ages held at Mornington Library on Saturday 31 March, which included 10 special activities that attracted over more than 1,200 people.
- A series of Our Story writing workshops and talks with award-winning and local authors
- The expansion of the successful Live 'n' Local reading events by local authors
- The development of weekly Making IT Click one-to-one tailored technology classes
- The introduction of weekly Tiny Tots Storytime sessions tailored for toddlers
- The redevelopment and rebranding of our program for babies aged 0-9 months – now called Born to Read.

Challenges:

- The adequacy of current library buildings and opening hours to meet community needs.
- Developing long-term strategic plans for library services, MPRG and local history services that address complex social, culture and technological change impacting the peninsula.

The coming year:

- Implement the Arts and Culture Strategy 2012-13 to 2014-15.
- Acceleration of literacy programs with the second stage rollout of Ready Set Read and the National Year of Reading.
- Finalise the Library Strategic Plan aimed at addressing the challenges facing libraries and access to information in the digital age.
- Refocus Our Library's Get Net Smart programs to include a one-on-one Making IT Click program to assist the community in dealing with internet and Office software.
- Introduce Radio Frequency Identification (RFID) systems with the aim to raise the standard of customer service and increase the efficiency of library front desk operations.
- Plan the third Festival of Arts and Ideas (to be held in October 2013), which will feature an increasing breadth of programs and locations.

- Develop the MPRG's new website. This will enable greater interactivity and access to a wide range of information, including podcasts and e-learning resources.
- Implement the Local History Development Plan to consolidate and strengthen programs such as the Local History Digitisation program, which aims to preserve into perpetuity rare and significant holdings of the local history societies.

## SUSTAINABLE COMMUNITIES

### Social Planning and Community Development

*The Social Planning and Community Development team aims to support and strengthen community wellbeing through social justice and self determination initiatives that lead to social change. The team is committed to supporting and strengthening the Shire's diverse communities through planning and implementing strategies which facilitate optimal health and wellbeing outcomes, and that address inequities in the lives of peninsula communities.*

Key responsibilities:

- Aboriginal support and cultural development
- Access and equity
- Community development initiatives
- Disability awareness and social inclusion
- Health and wellbeing
- Housing rights and issues
- Social research, policy and community planning

Highlights:

The Shire's leading work on reconciliation has been recognised by the state government through the appointment of the Shire's Aboriginal Support & Development Team Leader to the working party for the Minister for Local Government and Minister for Aboriginal Affairs. The Shire hosted a ministerial working party meeting in Hastings in April at which 17 members of the working party attended and inspected Willum Warrain, the Aboriginal gathering place.

On 26<sup>th</sup> September 2011 the Council adopted the Mornington Peninsula Social and Affordable Housing policy. It contributes to a suite of other housing policies i.e. the existing Shire Caravan Park and Homelessness Policy and supports the implementation of the broader MPS Triple A Housing strategy. This new policy provides practical strategies for the Shire to facilitate improved social and affordable housing outcomes for low income and disadvantaged residents. The policy acknowledges the importance Shire places on maintaining and supporting the diversity of our communities, social justice considerations in policy making and the central role housing plays in maintaining the health and well being of our residents and of the broader community. Find the policy on the Shire's website [www.mornpen.vic.gov.au](http://www.mornpen.vic.gov.au)

The free health and wellbeing booklet for seniors is being reprinted for the third time, due to high demand. *Ageing - Part of Life's Rich Tapestry* was developed by Peninsula Health Community Health, Mornington Peninsula Shire, PACE and U3A. It features Mornington Peninsula residents' personal experiences of ageing, as well as advice from a range of professionals. The booklet aims to provide support to older people and to provide information on services available on the peninsula. A range of topics are covered including grief, loss and depression, sexual health, caring for others and adjusting to retirement.

Human Rights Arts and Film Festival (HRAFF) and other film screenings

As part of the Shire's Health and Wellbeing and Access and Equity agenda, a range of films focussing on issues of human rights or wellbeing are screened regularly across the Shire,

including guest speakers and Q&A in the program. Themes include anti-poverty week, environment day, international human rights day, international women's day, reconciliation week etc. The events often have a packed house, and receive keen supportive feedback from the community whilst also raising funds from gold coin donations for local welfare and community groups. The films and presentations are screened in partnership with a range of not for profit agencies and have become a popular feature throughout the year.

Other achievements for the year include:

- In partnership with Peninsula Health, the Shire supported drug and alcohol education to service providers across the peninsula. Three workshops were organised for service providers that have contact with people with drug and alcohol dependencies. Each workshop was filled to capacity (approximately 80 people in total) and gave participants a chance to network and learn more about the impacts of substance/chemical abuse.
- A life-changing program run by Community Renewal Rosebud West that promoted social connection and art was reported in a major feature in *The Age*, 31 October 2011.
- More than 100 people participated in the annual NAIDOC week flag raising ceremony and art exhibition held at the Shire office in Rosebud on 4 July.
- Aboriginal Cultural Heritage management desktop assessments provide the first step in assessing the likelihood of aboriginal cultural heritage being impacted by a proposed development or infrastructure works. Guidelines for this assessment are outlined under the Aboriginal Heritage Regulations 2006. The Aboriginal Cultural Heritage Officer currently undertakes desktop assessments across the peninsula (a total of five assessments in the past year) for the Shire's Infrastructure unit. This process provides the following outcomes: cost savings to Shire as we are now able to do this 'in-house'; increased cultural intellectual property regarding future development constraints that may occur for proposed infrastructure activities; and pioneering this type of process within local government across Victoria. Cultural heritage site protection works are also occurring soon at specific locations in Mount Martha and later, Somerville. These actions are important as they ensure Shire values and safeguards its cultural heritage places as a key component to protecting our natural and cultural landscapes.
- Carers Day was celebrated again on the 17 October with workshops, activities and entertainment for 85 carers of people with disabilities at Bentons Square Community Centre.
- A filmmaker has been engaged to undertake the production of a documentary about the contemporary history of Warrigine Park. A project plan has been developed in collaboration with the Friends of Warrigine Park and filming interviews commenced in August.
- The local Dream House Theatre Company is working alongside Carole Patullo of Dramatico to develop a local story (script) about a marginalised family in crisis over the cyber bullying of one of their children. This project is made possible by Strengthening Communities funding. An application for stage two of the project has been submitted to Arts Victoria, the Shire's Community Partnerships Scheme & School Focused Youth Service.
- Deep Ecology and the Conservation of Nature at Tootgarook Wetlands – A John Seed Workshop: 15 Planet Pal students from Rosebud Secondary College and 45 community members heard from advocate of the earth John Seed. The topic was "the *idea that* interconnectedness and participation are innate in communities, but in the absence of the *experience* they atrophy".

- *The ageing on the edge*, a film produced by the Housing for the Aged Action Group (HAAG) and sponsored by the Shire's Triple A Housing Committee screened leading up to International Human Rights Day in December. The film shows the human face of the housing and homelessness issue. Alan, an older peninsula resident who features, speaks of his experiences of becoming homeless, moving through emergency housing services and eventually obtaining good quality, affordable housing in a new public housing development in Rosebud.
- Paul Hawken, an environmentalist, entrepreneur, journalist, and author, presented at Peninsula Community Theatre on October 21<sup>st</sup> to more than 140 participants. The evening included an Indigenous welcome from Aunty Carolyn Briggs and didge and dance from the Sunset Dancers.

#### Challenges:

- Responding to growing complex socio-economic needs in communities at risk.
- Responding with a partnership approach to increasing health and wellbeing issues particularly areas such as diabetes, depression and heart disease.
- Managing a smooth transition for Community Renewal Rosebud West after core funding ceases in June 2013.
- Integrated place planning with other Shire units, key providers and stakeholders.
- Strategic planning of linking growth and expansion of community infrastructure to increasing population demands.

#### The coming year:

- Implement food access policy and plan.
- Implement the rooming house policy and procedure.
- Support governance of Willum Warrain.
- Strengthen community at Rosebud West including Tootgarook Wetlands Friends and community arts board.
- Implement the disability action plan and scooter policy.
- Work in partnership with Monash University and Peninsula Health on the food basket survey
- Implement the Somerville community and development plan linking into the township plan.

## CEO's OFFICE

### Corporate Planning & Projects

*The Corporate Planning & Projects team supports the organisation to proactively respond to the needs of Council and the community through coordination of the organisation's strategic planning and reporting processes.*

Key responsibilities:

- Development and review of the Shire's strategic plan and annual plan.
- Facilitation of business planning, performance measurement and reporting processes across the organisation.
- Coordination of best practice process reviews to identify opportunities for service delivery improvement.
- Effective and efficient administrative and strategic support to the CEO, Mayor and Councillors.
- Implementation of the Community Partnership program.
- Continuous improvement to the Shire's community engagement practices.
- Coordination and implementation of cross-organisational projects at the corporate level.

Highlights:

The Corporate Planning & Projects team has been instrumental in establishing and trialling new SmartyGrant software for grant management across the organisation. As well as building programs for the community grant scheme and ward discretionary funds the team has provided training and support across business units.

Other achievements for the year included:

- The team supported the CEO at the Interface Councils and South East Metro Council forums. The team also took a lead role in preparing for the community budget presentations and the Shire's OSISD Parliamentary Inquiry Liveability Submission.
- Coordination of the Mayoral Charity Gala Dinner.
- Delivery of the Community Partnership funding program.
- Coordinated graffiti management response.
- Supported the Chief Executive Officer.
- Development of software to capture business planning, strategic planning and strategic performance objectives reporting for the organisation.

Challenges:

- Delivering multiple commitments to Council, the community and the organisation in an environment of ongoing change. Multiple changes to team structure and personnel, as well as notable developments in state government policy have meant the team continued progress on core functions while assessing and responding to these changes throughout the year.
- Providing support to the organisation to embed the revised business planning, performance and measurement and reporting process.
- Refining the Mayor and Councillor support administrative processes to ensure they are efficient, effective and meet Councillor requirements.

The coming year:

- Continue to facilitate the development of community engagement policy and Guidelines, including the production of a community engagement toolkit. This will assist in engaging the community in policy and strategy development and service delivery.
- Finalise the implementation of software to capture business planning, strategic planning and strategic performance objectives reporting for the organisation with a view to one point of data entry for multiple reporting functionalities.
- Review the Shire's strategic plan with the new Council.
- Finalise the review of the 2003 Mornington Peninsula Shire policy 'how to' guide.
- Implement processes to support the new Council in the changed environment of multiple Councillor wards.
- Role out the SmartyGrant software.

## CEO's OFFICE

### Communications

*The Communications team is responsible for developing and coordinating information to the public on Shire news, policies and announcements.*

Key responsibilities:

- Strategic advice to internal teams on communications tools.
- Management of the Shire's corporate image in terms of branding, logos and printed materials.
- Writing, editing, photography and production of a number of Shire publications including *Peninsula-Wide* and the annual report.
- Media relations on behalf of the organisation including issuing media releases and fielding media enquiries.
- Maintenance of the Shire's website: [www.mornpen.vic.gov.au](http://www.mornpen.vic.gov.au), including training of staff and implementation of the Shire's website policy.
- Graphic design and strategic publication support and delivery advice.
- Maintenance of the Shire's fact file library and approval of new fact files.
- Corporate photography.
- Communications strategies and publicity plans for internal teams.
- Event support.

Highlights:

The Shire's newspaper, *Peninsula-Wide*, is a vitally important tool to keep our residents informed about the services and activities of the Shire. Many parts of our Shire do not receive regular deliveries of local newspapers – and many of our residents are 'part-time', meaning they live outside of the Shire for most of the year – so *Peninsula-Wide* is the only means they have of keeping up to date with important information.

During the year, *Peninsula-Wide* was re-tendered, with graphic design and printing companies invited to make submissions. Four firms were shortlisted for interviews, and ultimately Red Studio of Mornington was re-appointed for a three year contract. Red Studio has been producing *Peninsula-Wide* on behalf of the Shire for the past four years and has consistently delivered an outstanding product. The layout, format and style of the publication will be reviewed in early 2012/13 to ensure it remains fresh, contemporary and inviting for readers.

Other achievements for the year included:

- The production of seven *Peninsula-Wide* newspapers, four township brochures (Mornington, Somerville, Tyabb and Baxter) the annual report and a range of fact files.
- Issuing, on average, 15-20 media releases per month to inform the community of Shire policy, events and activities.
- Handling, on average, 25-30 media enquiries per month.
- The use of video to promote a range of Shire services and facilities. The Shire now has a dedicated YouTube channel with a range of videos (eg Mount Eliza skate park, Hastings Hub, Safer Speeds).
- Continued maintenance of the website.
- Ongoing support for Shire events including publicity, media management and speech writing.

- A range of publicity and communications plans for a number of Shire initiatives.

Challenges faced by the team:

- Communicating to a large number of non-resident ratepayers.
- Meeting an ever-growing demand for assistance and support from internal Shire teams.
- Managing the expectations of a community that now demands 24/7 access to Shire information.

The coming year:

- A major restructure and launch of the website, with enhanced online services and engagement tools.
- Produce a Sustainable Peninsula 10-year progress report publication, reporting back to the community on the Shire's progress in meeting our *Commitment to a Sustainable Peninsula*.
- Coordinate the Shire-wide program of Plan Peninsula community conversations to gain community feedback which will assist the Council in making a submission to the state government in the development of a Mornington Peninsula Planning Statement.
- Ongoing exploration and development of new and innovative communications channels.
- Continue to work on a suite of climate change brochures and information sheets.
- Continue communications support and advice to the Mayor and Councillors, and other units across the Shire.
- Ongoing use of social media, including YouTube, surveys and Facebook to better engage with our residents.

## CEO's OFFICE

### Team Support & Development

*The Team Support and Development (TS&D) team provides advice and guidance on people-related issues, ensuring that the Shire has the people with the skills to safely deliver its services. TS&D develops and maintains an organisational culture that supports the Peninsula Way, enhances the Shire as an employer of choice and builds a sustainable skills and knowledge base.*

Key responsibilities:

- People management – planning to address long-term people issues, refining the enterprise agreement and people policies, assisting with industrial relations and ensuring the Shire meets its obligations and as employer.
- People development – providing a framework for people to participate in a range of professional development opportunities to enhance organisational capability. This ranges from on-the-job training to various forms of internal and external training.
- Work health, safety and wellbeing – fostering an environment that supports a positive health and safety culture. Actions focus on injury prevention, educating people and injury management including supporting people to return to work as soon as possible after injury.
- Recruitment – attracting and assisting with the selection of the most suitable people for employment. Providing an induction program to ensure new people gain an understanding and knowledge of the Shire's corporate culture and the services that the Shire provides to the community.
- Staff retention – developing a work environment that acknowledges and rewards performance and provides flexibility.
- Community engagement – school to work transition programs such as work experience, school-based apprenticeships and traineeships, developing skills and experience in local people and to promote the diversity of careers available at the Shire.

#### Highlights

The Mornington Peninsula Shire organisation is committed to 'Growing Our Own' and one of the ways in which we achieve this is through supporting our team members to undertake further study. This not only ensures that we will have an appropriately skilled and qualified organisational team, now and into the future, but also provides team members with the opportunity to develop and achieve their career goals.



Each year the Shire celebrates the achievements of team members who've completed formal study (Certificate through to Masters-level qualifications), by conducting a formal recognition ceremony followed by a celebratory afternoon tea.

This year 32 team members were acknowledged at our ceremony at the Shire's Mornington Council Chamber. The qualifications completed are indicative of the broad range of skills needed to deliver the 100 plus services the Shire provides to the community. These included Certificate level qualifications in Local Government, Home and Community Care, Statutory Planning and Business, Diploma level qualifications in Youth Work through to Masters level awards in Public Policy and Management and in Human Resource Management and Organisational Development.

The Shire is committed to staff development, and our successful student/graduate engineer work experience and development program resulted in the appointment of two new design engineers.

Career development has also been a significant focus for all our younger engineers, with placement rotations within the team. The opportunity was also taken for team members to participate in secondment arrangements with Melbourne Water and more recently the Peninsula Link project, where we place one of our engineers within the project team for six months at a time. This gives the engineers an opportunity to learn from a large scale project and share their local knowledge, ensuring the best community outcomes.

The Wal Morrison traineeship program forms part of the Shire's long-term people planning strategy. The strategy addresses dual objectives:

1. To ensure that the Shire continues to have the right number and mix of highly committed, skilled and appropriately experienced organisational team members, to ensure the effective delivery of the wide range of services and functions for which we have responsibility.
2. To optimise employment and career opportunities for local residents.

Shire achieves these objectives through the following modes:

- Corporate training program
- Tertiary self-education program
- Traineeships
- External recruitment
- Consultants and contractors

The Wal Morrison traineeship program was developed in response to the high level of youth unemployment on the peninsula, and low participation rates in tertiary education.

Each year, since 2002, the Shire has employed five local, unqualified people (aged 15- 24 yrs) to complete a 12 month traineeship in which they study the Certificate II in Local Government. The trainees complete rotations in five different areas of the organisation. This qualification and experience equips the trainees with a wide range of skills and experience, and a nationally accredited qualification with which to launch their careers.

This program is also immensely valuable in developing a source of skilled and experienced employees, which assists in addressing skill shortages within the organisation. Many graduates of the program have gone on to secure permanent roles at the Shire, with some undertaking further study to develop their careers.



The 2012 Wal Morrison trainees (l-r):  
*Josh Underhill, Tayla Gray, Chris Yorke, Andrea Jones and Brodie Staben.*

Achievements for the year included:

- Completion of the linked business planning and reporting project, resulting in a performance evaluation and improvement program that reflects current best practice. It will be effective in engaging thoroughly with staff members and ensuring that their performance is linked directly to the delivery of services to the community. It will also ensure that professional development programs meet the career development goals of staff and the future skills needs of the Shire.
- Completion of a comprehensive review of work health and safety policy and the implementation of training across the organisation.
- Completion of a review of the new staff member induction program.
- Delivery of more than 50 corporate training programs to 2254 attendees.
- Tertiary assistance was provided to 40 team members within the organisation who undertook study to further improve their knowledge and skills. 32 graduates were celebrated at a recognition ceremony for successfully completing Certificate or Bachelor degree qualifications.
- Substantial progress was made on the review of all policies that relate to workplace behaviour.
- Continuing success was evident in attracting and retaining good staff to the Shire, with the receipt of 3,237 applications for the 226 employment opportunities that arose in 2011/12.

Challenges:

- Managing the risks of workplace health and safety on a consistent level.
- Delivering on the learning and development expectations of such a large organisation.
- Maintaining excellence in the systems that ensure we meet our obligations as an employer.

The coming year:

- The roll-out of the new online format for the Performance Development and Review program will significantly improve the quality of the review process.
- The review of the workplace behaviour policies will be completed, ensuring that the Shire continues to manage this aspect of employment to the highest standard.
- The significant effort will continue on the review of the Shire's work health and safety systems to ensure they are as effective as possible and aligned with Australian Standard: *AS/NZ 4801 – Occupational Health and Management*

*Systems.* This ongoing improvement will also be augmented in 2012/13 by an updated training program.

- The upgrade to the Shire's *e-recruit* system will be completed. This is the conduit for all employment applications into the organisation and all responses to applicants. The upgrade will improve the 'user friendliness' of the system and provide better reporting choices to assist in the management of the recruitment program.

## SUSTAINABLE ORGANISATION

### Governance and Corporate Support

*The Shire's Governance and Corporate Support team ensures a range of governance and councillor support services are provided which comply with statutory and legal requirements to meet the needs of the organisation, Councillors and the community.*

Key responsibilities:

- Coordinating arrangements for the conduct of formal meetings of Council and Special Committees of Council.
- Preparing and making local laws to meet the Shire's needs and expectations of the community.
- Maintaining statutory registers to be available for public inspection in accordance with local government regulations.
- Coordinating the arrangements for the conduct of Australian citizenship ceremonies.
- Providing administrative support to elected Councillors.
- Providing hall keeping services to reflect a high standard of presentation and service to the organisation.
- Providing customer service to the community.
- Issuing disabled parking permits, boat ramp permits, animal registrations and new residents' kits.
- Internal purchasing management and training.
- Insurance and risk management.

Highlights:

Three highlights for the year have been our continued high performance in the area of risk management, the introduction of electronic agendas and iPads to Councillors and senior officers, and audio recordings of Council meetings (accessible online).

With regard to risk management, the Shire's insurers undertook an audit of the Shire's public liability and professional indemnity insurances, which scored 96 per cent. There is evidence that continued emphasis on risk management translates into reduced insurance premiums and a safer community.

We have continued to utilise electronic documents and devices for Councillors and senior officers for Council agendas and minutes and a range of associated documents. This involved developing processes and systems to allow this new technology to be implemented, with the added benefit of reduced paper usage. Council resolved in March 2012 to audio record Council meetings and provide access to those recordings on the website.

From a governance perspective, the displaying of Council resolutions on screens at Council meetings has resulted in a clear understanding of Council's decision.

An electoral representation review was conducted by the Victorian Electoral Commission. The final recommendation of a mix of three single member wards and three multi-member

wards was not Council's preferred option. Council had advocated strongly for the retention of single member wards in the belief they provide the most effective representation for the community.

Other achievements for the year included:

- During Community Safety Month (October), the community assisted the Shire's risk management focus by advising of 60 hazards which were all addressed.
- An external risk assessment audit of sporting reserves was conducted. It included the inspection of playing surfaces, surrounding areas and pavilions for each reserve. A total of 290 hazards were detected, with associated actions and responses prioritised.
- Development of a smart phone application has continued which will allow access to information from a range of users, including residents, visitors and businesses.
- A legislative compliance project, using AdventManager software was introduced, and a total of 600 obligations have been entered into this system. From a risk management perspective, the tracking and managing of legislative requirements reduces the potential for non-compliance.
- 'Integrity in Local Government – Ethics under the Microscope' awareness training was maintained, with a total of 620 staff attending training sessions.

Challenges:

- The ongoing development of systems and processes relating to special committees (comprising community members) to ensure an understanding of conflict of interest requirements and the consistent approach to agendas and minuting of meetings.
- Continue the implementation processes for the roll-out of iPads and smart phones for Councillors and officers to view Council agendas, minutes and other documents electronically.
- Continue to develop and refine systems to ensure that front-line customer service staff are able to respond to a varying number of community issues and concerns, while providing consistency and efficiency in a climate of new information learning.
- Following the Minister adopting the Victorian Electoral Commission's recommendation for the electoral structure for the Shire, implementation of ward boundaries, electoral rolls and other associated administrative requirements will occur.
- Ensure, via an audit undertaken by our insurers, that the locations nominated by managers in the business continuity plan do not clash with existing accommodation requirements.

The coming year:

- Prepare for Council general election to be held in October. This includes the development and adoption of a pre-election caretaker protocol, candidate information sessions, updating of material and contract managing the election.
- Post election, undertake Councillor induction sessions, provide Councillors with an updated information guide and review delegations, policies and other documentation with the newly elected Council.
- Risk assessments will be updated and reported to the Audit Committee twice. The risk management strategy, fraud control strategy and risk management policy will all be reviewed and presented to the Audit Committee for consideration.
- Participate in Community Safety Month (October).
- Continue to develop and trial the smart phone application so that visitors and residents can interact with Shire-based services.

- Within the customer service team, review how the increasing amount of incoming emails from the public are managed, and investigate options for service requests to be lodged electronically.

## SUSTAINABLE ORGANISATION

### Property and Valuations

*The Property and Valuations team is responsible for providing Council with timely, quality advice relevant to the management of the Shire's property portfolio.*

Key responsibilities:

- Leasing, licensing and acquisition of property.
- Managing the Shire's valuation requirements including revaluation of 95,000 rateable assessments every two years, supplementary valuations, valuation objections, asset valuations and any other valuation requirement.
- Investing and analysing existing and potential use of Council property in a collaborative environment with stakeholders.

Highlights:

The bi-annual revaluation project was completed. The revaluation project plan was set in August 2010 and detailed the completion of revaluation figures on all rateable properties within the municipality by end of April 2012. The target was met and the completed revaluation for all three valuation figures was completed comprising site value (land), capital improved value (land and buildings) and net annual value (net rental value) for 95,000 properties.

The figures were completed on time and involved a complex program which was monitored weekly over a 21 month period. The project consumed the entire Valuations team and its timely completion was a great team result.

Other achievements for the year included:

- An additional \$15,000 generated in rental income and \$65,000 in boatshed transfer fees.
- Completed the first phase of the bi-annual boatshed inspections (northern beaches).
- Secured a tenant for the commercial operation of Pelican Pantry café which has resulted in rental income of \$133,000 plus GST per annum.
- Refurbishment of industrial rental premises at 20 Picnic Avenue, Hastings and securing new tenant resulting in rental income of \$10,500 plus GST per annum.
- Finalised lease agreements with clubs occupying Long Point Reserve, Cape Schanck.
- Facilitated additional portable classroom for Boneo Primary School.
- Completed a CFA satellite station at on Shire land in Blairgowrie.
- Demolition of building at Rosebud foreshore camping office increasing operational area in compound.
- Commenced process for incorporation of crown land into Hillview Reserve, Dromana.
- Subject to satisfactory planning amendment and development outcome, sold 1097 Frankston-Flinders Road, Somerville to ALDI Supermarkets for \$750,000 plus GST.
- Approval by Council for the sale of 10 Knox Road, Blairgowrie, 10 Hillview Avenue, Rye and 14A Robinson Place, Portsea.

- Completed the sale of part of a Council Reserve at 610 Esplanade, Mount Martha for \$165,000 plus provision of a contribution of \$10,000 towards the cost of a pedestrian refuge construction on the Esplanade.
- Acquisition of land as part of Council's black spot intersection treatments on the corners of High and Queen Streets, Hastings and corner of Boes and Hodgins Roads.
- Acquisition of a number of individual parcels of land on the Cemetery Estate Hastings that support Council's future planned "Special use 1 zone port related uses land restructure".
- Successful negotiations and approval by Council for the road closure and sale of part of Alfred Street, Hastings to facilitate the implementation of Council's Hastings commercial development plan overlay.
- Completed land survey of Council managed foreshore reserve abutting South Seas Road to define boundary of public land.
- Progression of systematic identification of illegally occupied Council land, including defence of adverse possession claims on road reserves.
- Formalised community radio 3RPP occupancy of former Mornington Secondary College classrooms.
- Installed seven new external electricity distribution cabinets with safety switches at Red Hill Recreation Reserve to replace deteriorated timber boxes.

#### Challenges:

- Ensuring all tenants have a current lease, license or occupancy agreement in place and that all rent reviews are completed.
- The recurring intent of a small number of people to illegally use Council land and pursue adverse possession claims on public land.
- The cost of real estate is continuing to increase. This puts pressure on Council to resource the cost of the acquisition of land which will be required for future public use.
- The potential takeover of the general revaluation program by the Valuer General.
- Maintaining the supplementary valuation program while undertaking the massive task of the bi-annual revaluation program.

#### The coming year:

- Commence the 2014 general revaluation.
- Diligently manage property portfolio.
- Provide new and updated policies including bathing boxes, permissive occupancy and yacht clubs.
- Complete the renewal of bowling and tennis club leases.
- Complete the second phase of bi-annual bathing box inspections (southern beaches).
- Continue the strategic property review to confirm that Council property holdings are not excess or inappropriate.

# SUSTAINABLE ORGANISATION

## Information Services

*The Information Services team manages the computer technology, telecommunications, email, GIS and the storage and archive systems for the Shire*

Key responsibilities:

- Maintain computer, telecommunications and record systems.
- Manage access, storage and retrieval of information.
- Service the technology needs of internal and external customers while complying with legal, statutory and accessible requirements.

Highlights:

The Information Services team achieved a milestone three years in the making. A successful full-scale business continuity program 'fire drill' was carried out during November. Several departments participated and all reported that data accessed from the backup site was accurate and available in a timely manner.

The implementation of the Objective Corporate Information System (CIS) continued. Considerable work was put into the planning for a significant upgrade of three major corporate systems in 2012, commencing with Merit integration in December 2011, followed by Objective in May 2012. It enables staff to use enterprise search to greater effect.

In 2011 the Statutory Building unit successfully negotiated with a number of building surveyors to submit building applications electronically, thus saving many hours of manual scanning and filing.

In April Objective's smart-scanning capability was increased by introducing a much speedier way of handling large quantities of mundane repetitions material in bulk.

Other achievements for the year included:

- Poorly-performing ADSL broadband services at 26 smaller sites across the Shire were upgraded to faster service levels.
- An ageing microwave network connecting contractors and staff at the Mornington depot to the main Shire was upgraded to improve service levels.
- Continued to enhance the Shire's Geographic Information System (GIS).
- The Statutory Planning and Environment Protection teams that participated in a mobility solutions trial a year ago moved the program into a production environment. It increased productivity by dealing with inspections directly in the field.
- iPads are being put to good use by staff in Infrastructure Project Management and the Environment Protection team. Councillors are also utilising iPads as tools to improve communications and to reduce the volume of paper they handle. Technology enhancements and mobile computing are proving that it's possible to deliver better ways for Councillors and staff to work with traditional information.

Challenges:

- Managing competing priorities of upgrading major corporate IT systems and other equally important programs.

- Looking after the growth in the technology needs of a diverse range of Shire service providers.
- Advocating on behalf of the community for improvements to services Council does not deliver, such as broadband and mobile phone reception and weak digital television signals.
- The Shire's ageing analogue telephone system is due for replacement. The costs are significant, so the challenge is to find a system that not only meets our immediate needs, but can also grow and accommodate enhancements in the future.

The coming year:

- Focus on maintaining the existing environment and completing projects already in progress, or soon to commence. These include the replacement of the telephone system and the implementation of large-scale corporate system upgrades, some of which are already underway.
- Smart scanning offers opportunities to rethink the ways we handle certain paper-based documents. The team will be striving to streamline and automate as much as possible.
- Investigate – and, if viable, implement - the phasing out of traditional desktop computing in favour of thin-client technology. This is likely to have widespread benefits in IT support functions with minimal impact on users.

## SUSTAINABLE ORGANISATION

### Finance

*The Finance team is responsible for all budgeting, accounting and revenue collection functions of the organisation.*

Key responsibilities:

- Managing the Shire's annual budget, strategic resource plan, monthly internal financial reporting and forecast analysis for the organisation.
- Coordination of the monthly report to the community.
- Preparation of the Shire's annual financial statements and audit in accordance with the Local Government Act and Australian Accounting Standards.
- Management of accounting services for the organisation including accounts payable, treasury and fixed asset registers.
- Payroll services for approximately 1,400 staff including management of superannuation, tax and other deductions.
- Issue and collection of Council rates and Sundry Debtors.

Highlights:

The Auditor General has reported that the Shire's financial sustainability, by independent assessment, as 'low risk', the best outcome a Council can achieve.

After accommodating a number of service enhancements and other necessary adjustments, the 2011/12 financial result is as expected.

The Shire is the fifth lowest-rating Council in Victoria on the basis of 'average rates and charges'.

The Chief Executive has sought to visit many resident and ratepayer groups and service clubs to explain the Shire budget and the broader Shire financial position. This has informed many residents and ratepayers than through more traditional briefing processes.

Other achievements for the year included:

- Management and development of the 2012/13 annual budget. Council strives to understand community needs, expectations and priorities and provide for them through the budget. The budget seeks to source external funding, utilise community partnerships, optimise value and make judgements about affordability. The Shire budget contains much more information than other shire budgets, hopefully assisting readers to understand the Shire's financial direction.
- The 2010/11 financial reports and standard statements were approved by the Auditor General without qualification. The 2011/12 financial reports, consisting of financial statements and notes to the financial statements (included in this annual report) were completed within legislative requirements and timeframes. The financial reports are required to comply with Australian Accounting Standards and other mandatory professional reporting requirements. The Standard Statements are required under the *Local Government Act* and differ from financial statements in that they compare actual results with budget details, in the standard format. This allows an informative comparison of performance against initial budget proposals,

assisted by calculations of variances and scope for explanation of variations where material.

- The development of a 10 year financial plan has progressed. Council has adopted a number of key financial risk indicators which are used to assess the Shire's ongoing financial sustainability. The 10 year plan will be formally considered when Council next reviews its strategic resource plan and Shire strategic plan.
- The strategic resource plan was updated for the remaining balance of its timeframe for the consequential effect of the 2012/13 budget.

#### Challenges:

- Continuing to ensure the long term financial sustainability of the Shire through careful financial decision making.
- The continued impacts of 'cost shifting', which in many cases the Shire cannot avoid or control.
- Ensuring that various revenue collection processes have regard to the financial circumstances some ratepayers may find confronting.
- The broader state and federal government financial positions may still possibly put further pressure on local government through reduced or withdrawn funding arrangements.

#### The coming year:

- Prepare a budget that reflects Shire's ongoing commitment to ensuring the peninsula is socially, environmentally and economically sustainable. This includes continuing to address the impacts of climate change; continuing to protect the peninsula's built and natural environment from the threat of suburbanisation; maintaining renewal investment on roads, drainage, buildings and other infrastructure assets; progressively improving services and facilities to meet community expectation; and strengthening the local economy and local employment.
- All must be provided within the limits of what is affordable, so it is pleasing to know that on the basis of 'average rates and charges' the Shire is the fifth lowest rating Council in the state.

The Shire has three main offices, at Rosebud, Mornington and Hastings. It also has a number of remote offices including libraries and leisure centres as well as staff who work in the field.

	Males	Females	Total
Chief Executive Office	1	1	2
Internal Auditor	1	-	1
Corporate Planning & Projects	-	8	8
Communications	2	5	7
Team Support & Development	6	10	16
Sustainable Communities Directorate	1	1	2
Aged & Disability Services	22	196	218
Child, Youth & Family Services	8	66	74
Libraries, Arts & Culture	6	62	68
Recreation & Leisure	23	70	93
Social Planning & Community Development	3	15	18
Sustainable Environment Directorate	1	1	2
Economic Development	1	13	14
Strategic Planning	6	8	14
Environment Protection	52	84	136
Statutory Planning	18	32	50
Sustainable Infrastructure Directorate	1	2	3
Infrastructure Maintenance	22	13	35
Infrastructure Strategy	17	5	22
Infrastructure Project Management	22	5	27
Renewable Resources	4	10	14
Sustainable Organisation Directorate	1	2	3
Finance	6	25	31
Information Services	12	15	27
Governance & Corporate Support	11	37	48
Property & Valuations	7	9	16
TOTAL	254	696	950

\* Figures do not include casual employee

## Audit Committee

Council's Audit Committee is established by formal resolution in accordance with Section 86 of the *Local Government Act*.

The Audit Committee consists of five members whose role is to assist Council in the discharge of its responsibilities for financial reporting, in maintaining a reliable system of internal controls and in fostering the organisation's ethical development.

The Committee consists of two councillors and three independent persons – who are supported by the Chief Executive Officer, internal auditor and other staff through the provision of information and reports on governance, financial and risk-related matters.

The three independent members serve a three year term and are appointed by resolution of Council following public advertisement. An Audit Committee Charter determines the role and responsibility of the Committee. The Chairperson is appointed from the external members.

At 1 July 2011, the Audit Committee members were:

- The Chairperson – Mr David Osborne
- Cr Tim Rodgers

The Audit Committee are paid an annual remuneration of \$5,000 per annum (paid over six sessional payments) and the Chairperson paid \$7,000 per annum (paid over six sessional payments) as reimbursement for expenses incurred.

Councillor Rodgers and Councillor Eustace were appointed as Councillor representatives on the Audit Committee by Council at its Annual Council Meeting.

The Audit Committee met six (6) times during the course of the year. One of these meetings was solely dedicated to the review of the Annual Financial Statements and the Auditor General's Management Letter.

As has been the trend in previous years the Audit Committee again placed greater emphasis on corporate governance and risk management. It has an annual work plan which ensures that it addresses the control framework, risk management, financial reporting, internal audit and external audit, and compliance with legislation.

### *Internal Audit*

Council has an Internal Auditor on staff. The Internal Auditor is independent of Council's departmental structure and reports to the Chief Executive Officer. This provides an independent assurance and advisory service to the Shire's Executive and management.

The Internal Audit program is focused on key risk areas of Council business. The program is reviewed annually by the Audit Committee to ensure that issues of financial controls, operational and other risk are addressed.

All internal reports are presented to the Audit Committee.

Internal Audit also carries out ad-hoc, surprise visits and special investigations (where required).

## **Documents for Inspection**

Under both the *Local Government Act* (the 'Act') and Freedom of Information legislation there is certain information Councils are required to make available to the public on request, being:

- Details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under Section 74 or 74A of the Act.
- Details of Senior Officers' total annual remuneration packages for the current financial year and the previous year set out in a list that states (i) ranges of remuneration of senior officers, where the difference between the lower amount and the higher amount in each range must not exceed \$10,000; and (ii) the number of senior officers whose total annual remuneration falls within the ranges referred to in subparagraph (i).
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost to the Council of the overseas or interstate travel, including accommodation costs.
  - 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 kept under Section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
  - A list of all special committees established by Council and the purpose for which each committee was established.
  - A list of all special committees established by the Council which were abolished or ceased to function during the financial year.
  - Minutes of meetings of special committees established under Section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
  - A register of delegations kept under Sections 87 and 98 of the Act, including the date on which the last review under section 86(6) and 98(6) of the Act took place.
  - Submissions received in accordance with Section 223 of the Act during the previous 12 months.
  - Agreements to establish regional libraries under Section 196 of the Act.
  - 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, including the name of the other party to the lease and the terms and the value of the lease.
  - A register of authorised officers appointed under Section 224 of the Act.

- A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant.
- A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council.
- A list of contracts valued at \$100,000 (or such a higher amounts as fixed from time to time under Section 186(1) of the Act) or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in Section 186(5) or 5 (A) of the Act.

## Whistleblowers Protection Act

The *Whistleblowers Protection Act 2001* (the Act) commenced operation on 1 January, 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

### Role of a whistleblower

Whistleblowers perform an important role; they are uniquely placed to expose serious problems within the management and operations of a government organisation. The best source of information concerning illegality, corrupt conduct and misconduct within an organisation is often from people who work for or have dealings with the organisation.

### Who can be a whistleblower?

The term whistleblower is not defined under the Act but it does set out the requirements in order to receive protections under the Act for disclosures of improper conduct.

Anyone can make a disclosure. This includes individuals either internal or external to an organisation. Disclosures about public organisations can and are made by a variety of people including employees, independent contractors, ratepayers, students, recipients of services and hospital patients.

The disclosure must be about behaviour that is:

- Corrupt;
- A substantial mismanagement of public resources;
- A substantial risk to public health or safety; and/or
- A substantial risk to the environment.

*The conduct must be serious enough that if proven would constitute a criminal offence or reasonable grounds for dismissal in order for the protections under the Act to be available.*

## To whom must a protected disclosure be made

Person who is the subject of the disclosure	Person/body to whom the disclosure must be made
Employee of a public body	That public body or the Ombudsman
CEO of a public body	The Ombudsman
Member of Parliament (Legislative Assembly)	Speaker of the Legislative Assembly
Member of Parliament (Legislative Council)	President of the Legislative Council
Councillor	The Ombudsman
Chief Commissioner of Police	The Ombudsman or the Director, Police Integrity
Member of the police force	The Ombudsman, the Director, Police Integrity or Chief Commissioner of Police

### Statement of support to whistleblowers

The Shire is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees or Councillors, nor the taking of reprisals against those who come forward to disclose such conduct.

The Shire recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Shire will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

### Further information on the Whistleblowers Protection Act

Comprehensive written public guidelines and internal procedures have been established and implemented for the management of whistleblower issues. A copy of the guidelines can be accessed via the Shire's website [www.mornpen.vic.gov.au](http://www.mornpen.vic.gov.au) or upon request at any of the Customer Service Centres.

For more information or to make a disclosure, please contact one of the following Officers:

- Mr Noel Buck, Manager – Governance and Corporate Support  
Phone: (03) 5950 1435 or Email: [Noel.Buck@mornpen.vic.gov.au](mailto:Noel.Buck@mornpen.vic.gov.au)
- Mr Kevin Clarke, Director – Sustainable Organisation  
Phone: (03) 5950 1340 or Email: [Kevin.Clarke@mornpen.vic.gov.au](mailto:Kevin.Clarke@mornpen.vic.gov.au)
- Ms Diana Harris, Acting Compliance Liaison Officer  
Phone: (03) 5950 1432 or Email: [Diana.Harris@mornpen.vic.gov.au](mailto:Diana.Harris@mornpen.vic.gov.au)
- Ms Nadine Hudson, Acting Compliance Liaison Officer  
Phone: (03) 5950 1425 or Email: [Nadine.Hudson@mornpen.vic.gov.au](mailto:Nadine.Hudson@mornpen.vic.gov.au)
- Mr Gub Bergamin, Team Support and Development Officer  
Phone: (03) 5950 1214 or Email: [Gabriele.Bergamin@mornpen.vic.gov.au](mailto:Gabriele.Bergamin@mornpen.vic.gov.au)
- Ms Lisa Materowski, Team Leader – Planning Support  
Phone: (03) 5950 1077 or Email: [Lisa.Materowski@mornpen.vic.gov.au](mailto:Lisa.Materowski@mornpen.vic.gov.au)

### Whistleblowers Protection Act reporting

The Shire is required, pursuant to the Act, to include in its Annual Report details of any disclosures made under the Act during that year. The types of disclosures are categorised as follows:

- a. *Corrupt;*
- b. *A substantial mismanagement of public resources;*
- c. *A substantial risk to public health or safety; and/or*
- d. *A substantial risk to the environment.*

Reporting Requirement	Response
Current procedures established by the public body under Part 6.	Council adopted public guidelines and internal procedures at its meeting of 22 June 2009.
The number and types of disclosures made to the public body during the year.	Nil.
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures.	Nil.
The number and types of disclosed matters referred to the public body during the year by the Ombudsman.	Nil.
The number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate.	Nil.
The number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the Year.	Nil.
The number of requests made under section 74 during the year to the Ombudsman to investigate disclosed matters.	Nil.
The number and types of disclosed matters that the public body 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 this Act that relate to the public body.	Nil.

## Local Government Indicators

Number	Category	Indicators	Result	Indicator Definitions
1	Overall performance	Community satisfaction rating for overall performance generally of the council	60	Council result from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. Note: due to changes in the survey methodology and content, this year's results for the community satisfaction survey measures are not directly comparable with previous years' results.
2	Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	55	Council result from Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. Note: due to changes in the survey methodology and content, this year's results for the community satisfaction survey measures are not directly comparable with previous years' results.
3	Community Consultation	Community satisfaction rating for Council's consultation and engagement in decision making on key local issues	58	Council result from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria. Note: due to changes in the survey methodology and content, this year's results for the community satisfaction survey measures are not directly comparable with previous years' results.
4	All rates	Average rates and charges per assessment	\$1,198	Rates and charges declared are being receivable, in calculations for the adopted rates, at the beginning of the year, including: <ul style="list-style-type: none"> <li>• general rates and charges declared under ss. 160, 161, 161A of the <i>Local Government Act</i> 1989</li> <li>• municipal charges and service rates and charges (that is, garbage services) levied under ss. 159, 162 respectively</li> <li>• supplementary rates declared, <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).</li> </ul>
5	Residential rates	Average residential rates and charges per assessment	\$1,222	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "All rates", except for

				residential assessment only <i>divided</i> by the number of residential assessments used in calculation of the adopted rate (that is, when the rate was struck).
6	Operating costs	Average operating expenditure per assessment	\$1,886	Total expenses per the Income Statement (previously known as the statement of financial performance) plus net gain (loss) on disposal of property, plant and equipment infrastructure <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).
7	Capital expenditure	Average capital expenditure per assessment	\$298	Amount of council's expenditure capitalised to the Balance Sheet (previously known as the statement of financial position) and contributions by a local government to major assets not owned by the local government, including expenditure on: <ul style="list-style-type: none"> <li>• capital renewal of existing assets which returns the service potential or the life of the asset up to that which it had originally</li> <li>• capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users</li> <li>• capital upgrade which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally</li> </ul> <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).
8	Infrastructure	Renewal	71%	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which is had originally to the AAAC totalled for each and every infrastructure asset to give one ratio.
9	Infrastructure	Renewal and maintenance	85%	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which it had originally plus current spending on maintenance: <ul style="list-style-type: none"> <li>• to AAAC plus all anticipated planned and unplanned</li> </ul>

				<p>maintenance (that is, the expected level of maintenance which was used in the calculation of the useful life of the asset)</p> <ul style="list-style-type: none"> <li>totalled for each and every infrastructure asset to give one ratio.</li> </ul> <p>The Average Annual Asset Consumption (AAAC) is the amount of a local government's asset base consumed during a year. It is based on the current replacement cost 'as new' <i>divided</i> by useful life.</p>
10	Debts	Average liabilities per assessment	\$764	Total liabilities as per Balance Sheet (previously known as the statement of financial position) less items held in trust (reflected in assets also held), <b><i>divided</i></b> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).
11	Operating result	Operating result per assessment	\$40	Surplus (deficit) for the period per the Income Statement (previously known as the Bottom line per statement of financial performance) <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). During 2011/12 Council was required to bring to account additional liability for Vision Super Defined Benefits Plan of \$10.865m.



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PENINSULA

# Financial Reports

for the year ended  
30 June 2012

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# Financial Statements

**for the year ended  
30 June 2012**

## Understanding Our Financial Statements

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The Financial Statements are one of Council's key reports to the community. It shows how Council performed financially during the 2011-12 financial year and the overall position at the end of the financial year (30 June 2012). Council's Financial Statements are presented in accordance with the Australian Equivalents to International Financial Reporting Standards, and therefore particular terms required by the Standards may not be familiar to some readers. Additionally, as Council is a 'not for profit' organisation, some of the generally recognised terms used in private sector company reports are not appropriate to Council's reports. Council is committed to accountability, and it is in this context that this simple guide has been developed to assist readers understand and analyse the financial report.

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

Council's financial statement has two main sections: the Statement and the Notes. There are four Statements and 42 Notes. These are prepared by Council staff, examined by Council's Audit Committee, Council and then audited by the Victorian Auditor-General.

The four Statements included in the first few pages of the report are the:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement

Notes to these Statements explain Council's accounting policies and how values contained in these Statements were calculated.

### Comprehensive Income Statement

The Comprehensive Income Statement shows:

- Sources of Council's Revenue under various income headings.
- Expenses incurred in running the Council during the year.

These expenses relate only to the 'Operations' and do not include the cost associated with the purchase or building of assets. While asset purchase costs are not included as Expenses there is an item for 'Depreciation'. The key figure to look at is the Surplus/(Deficit) for the year which is the equivalent to the Profit/(Loss) of Council for the year. A positive result means that the revenues were greater than expenses.

Comprehensive income is defined as 'the change in equity (net assets)' during the financial period. Comprehensive income is the sum of Surplus/(Deficit) and other items that bypass the Comprehensive Income statement via the Equity Statement. These items are not part of Council's Surplus/(Deficit), but are material enough to be included in comprehensive income, giving the reader of the report a more in depth picture of the organisation as a whole.

### Balance Sheet

This is possibly the most important of the financial statements. This one page summary is a snapshot of Council's financial situation as at 30 June 2012. It shows what the Council owns as assets and what it owes as liabilities. The bottom line of this Statement is 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 will fall due in the next 12 months. The components of the Balance Sheet are described below.

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

- Cash Assets include cash and investments that is, cash held in the bank, in petty cash, and the value of Council's investments.
- Receivables are monies owed to Council by ratepayers and other service users.
- Accrued Income represents revenue due to Council, which had not been received.
- Prepayments reflect accounts which have been prepaid.
- Inventories represent Council's stock of merchandise, including Golf Course, Delivered Meals and Plant Nursery.
- Property, Infrastructure, Plant and Equipment are the largest component of Council's worth and represents the value of all the land, buildings, roads, footpaths, drains, motor vehicles, equipment, library collections etc. which has been built up by Council over many years.

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

- Payables are monies owed to creditors by Council as at 30 June 2012.
- Trust Funds represent monies held by Council in trust for others.
- Employee Benefits is the accounting term for accrued annual leave and long service leave entitlements.
- Interest-Bearing Liabilities represent the loan borrowings, financial leases and unfunded superannuation owed by 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 Council as at 30 June 2012. The Net Assets of Council is also synonymous with the total Equity of Council.

### **Equity**

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

- Accumulated Surplus – the value of all net assets accumulated over time.
- Asset Revaluation Reserve – the difference between the previously recorded value of assets and their current valuations.
- Other Reserves – allocations of the accumulated surplus for specific purposes.

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

During the course of the year the value of total equity as set out in the Balance Sheet changes.

This statement shows the values of such changes and how these changes arose. The main reasons for a change in equity stem from:

- 'Profit/(Loss)' from operations, described in the statement as result for the year.
- Revaluation of the assets – this takes place periodically in accordance with Council policy. It also occurs when existing assets are 'taken up' in Council's financial records for the first time.
- Transfer of monies to or from Council's reserves.

### **Cash Flow Statement**

The Cash Flow Statement summarises Council's cash payments and cash receipts for the year. This Statement is presented according to a very specific Accounting Standard and requires careful analysis.

The values may differ from those shown in the Income Statement because the Income Statement is prepared on an accrual accounting basis. Cash in this Statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash, such as cash invested with Financial Institutions.

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

**1. Cash Flows from Operating Activities:**

- Receipts: All cash received into Council's bank account from ratepayers, government grants and others who owed money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the proceeds associated with the sale of assets.
- Payments: All cash paid by Council from its bank account to staff, creditors, suppliers and other persons. It does not however include the payments associated with the creation of assets.

**2. 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. This part of the statement includes all payments associated with the creation of assets and proceeds associated with the sale of assets.

**3. Cash Flows from Financing Activities:**

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

The bottom line of the Cash Flow Statement is the Cash at End of Financial Year.

**Notes to the Financial Report**

The notes are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive in relation to the amount of detail. Therefore, to enable the reader to understand the basis on which the values shown in the Statements are established, it is necessary to provide an explanation of Council's accounting policies. These are described in note 1.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the Statements.

The note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet and the Cash Flow Statement. Where Council wishes to disclose other information, which cannot be incorporated into the Statements, this is shown in the notes. The notes include the cost of the various functional activities of Council, the break down of expenses, revenues, reserves and other assets, transactions with persons related to Council and financial ratios (performance indicators).

The notes should be read at the same time as, and together with, the other parts of the Financial Report to get a clear picture of Council's financial performance and position.

**Statement by Principal Accounting Officer and Councillors**

The certification by the Principal Accounting Officer is made by the person responsible for the preparation of the financial report. It certifies that in their opinion, the report has met all the statutory and professional reporting requirements. The certification of councillors is made by two Councillors on behalf of Council that, in their opinion, the financial report is presented fairly and is not misleading or inaccurate.

**Auditor General's Report**

The Auditor-General's Report is the external and independent opinion on the Financial Report. It provides the reader with a totally independent opinion on the financial report and the information it contains. The opinion covers both the statutory and professional requirements and also the fairness aspects of the financial report.

## Comprehensive Income Statement For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Income Statement</b>			
Rates and Charges	2	115,374	104,627
Statutory Fees and Fines	3	3,539	3,779
User Fees	4	25,347	26,483
Contributions - cash	5	4,509	3,001
Contributed Assets	5	4,928	3,903
Interest	6	2,238	2,006
Grants - recurrent	7	21,214	19,098
Grants - capital	7	5,053	4,777
<b>Total Income</b>		<b>182,202</b>	<b>167,674</b>
<b>Expenses</b>			
Employee Costs	11a	58,762	54,510
Unfunded Superannuation	11b	10,865	2,120
Materials and Contracts	12	78,915	74,358
Depreciation and Amortisation	13	22,096	20,456
Finance Costs	14	2,737	2,635
Other Expenses	15	3,982	3,702
Assets Written Off	8	765	1,654
<b>Total Expenses</b>		<b>178,122</b>	<b>159,435</b>
Net Gain/(Loss) on Sale/Disposal of Assets	9	27	548
<b>Surplus/(deficit)</b>		<b>4,107</b>	<b>8,787</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment(decrement) reversals (note 30)		185,357	(1,221)
<b>Comprehensive result</b>		<b>189,464</b>	<b>7,566</b>

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

*Refer to note 36a for functional reporting on revenues and expenses.*

## Balance Sheet

### For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	16	30,242	32,362
Receivables	18	11,824	9,899
Other	19	1,830	1,279
Assets held for sale	20	7,871	5,160
<b>Total Current Assets</b>		<b>51,767</b>	<b>48,700</b>
<b>Non-Current Assets</b>			
Other Financial Assets	17	8	8
Receivables	18	1,318	887
Property	21	937,693	802,993
Plant, Furniture and Equipment	22	7,395	7,653
Infrastructure	23	974,320	916,358
Intangibles	25	1,263	1,099
<b>Total Non-Current Assets</b>		<b>1,921,997</b>	<b>1,728,998</b>
<b>Total Assets</b>		<b>1,973,764</b>	<b>1,777,698</b>
<b>Current Liabilities</b>			
Payables	26	10,730	10,703
Trust Funds and Deposits	27	3,154	3,358
Interest-Bearing Liabilities	28	5,207	4,902
Provisions	29	11,527	10,904
<b>Total Current Liabilities</b>		<b>30,618</b>	<b>29,867</b>
<b>Non-Current Liabilities</b>			
Interest-Bearing Liabilities	28	42,991	37,323
Provisions	29	3,092	2,699
<b>Total Non-Current Liabilities</b>		<b>46,083</b>	<b>40,022</b>
<b>Total Liabilities</b>		<b>76,701</b>	<b>69,889</b>
<b>Net Assets</b>		<b>1,897,063</b>	<b>1,707,809</b>
<b>Equity</b>			
Accumulated Surplus		856,720	852,116
Reserves	30	1,040,343	855,693
<b>Total Equity</b>		<b>1,897,063</b>	<b>1,707,809</b>
Contingent Liabilities	38		
Commitments for Expenditure	33		

The above Balance Sheet should be read in conjunction with the accompanying notes.  
Refer to note 36b for functional reporting on assets.

## Statement of Changes in Equity For the Year Ended 30 June 2012

	Note	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	Total \$'000
<b>2012</b>					
Balance as at 1 July 2011		852,116	853,473	2,220	1,707,809
Increment / (decrement) on revaluation of Non-current assets	30	(210)	185,357	-	185,147
<b>Transfers to/(from) Reserves:</b>					
- Sustainable Energy Fund	30	130	-	(130)	-
- Recreation Land Reserve	30	577	-	(577)	-
- Municipal Emergency Reserve	30	-	-	-	-
Surplus/(Deficit)		4,107	-	-	4,107
<b>Balance as at 30 June 2012</b>		<b>856,720</b>	<b>1,038,830</b>	<b>1,513</b>	<b>1,897,063</b>
<b>2011</b>					
Balance as at 1 July 2010		843,505	854,694	2,044	1,700,243
Increment / (decrement) on revaluation of Non-current Assets	30	-	(1,221)	-	(1,221)
<b>Transfers to/(from) Reserves:</b>					
- Sustainable Energy Fund	30	168	-	(168)	-
- Recreation Land Reserve	30	56	-	(56)	-
- Municipal Emergency Reserve	30	(400)	-	400	-
Surplus/(Deficit)		8,787	-	-	8,787
<b>Balance as at 30 June 2011</b>		<b>852,116</b>	<b>853,473</b>	<b>2,220</b>	<b>1,707,809</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## Cash Flow Statement

### For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Cash Flows from Operating Activities</b>			
<i>Receipts (inclusive of GST, wherever applicable)</i>			
General Rates		114,091	103,259
User Charges		29,835	33,966
Cash Contributions		4,509	3,001
Government Grants		26,183	24,986
Interest		2,206	1,936
Net GST Refund		8,180	7,115
<i>Payments (inclusive of GST, wherever applicable)</i>			
Employee Costs		(58,175)	(53,809)
Materials and Contracts		(89,945)	(80,846)
Other Expenses		(3,978)	(3,714)
<b>Net Cash Inflows / (Outflows) from Operating Activities</b>	31	<b>32,906</b>	<b>35,894</b>
<b>Cash Flows from Investing Activities</b>			
<i>Payments for</i>			
Land and Buildings		(7,784)	(8,024)
Infrastructure Assets		(17,517)	(13,620)
Plant, Furniture and Equipment		(1,997)	(1,760)
<i>Proceeds from</i>			
Sale of Land and Buildings		133	1,159
Sale of Plant, Furniture and Equipment		32	16
Sundry Receivables		16	(41)
<b>Net Cash Inflows / (Outflows) from Investing Activities</b>		<b>(27,117)</b>	<b>(22,270)</b>
<b>Cash Flows from Financing Activities</b>			
Finance Costs		(2,812)	(2,744)
Proceeds from Borrowings		-	3,000
Repayment of Borrowings		(3,917)	(3,505)
Repayment of Finance Leases		(445)	(414)
Repayment of Unfunded Superannuation		(530)	-
Trust Funds and Deposits		(205)	(2,470)
<b>Net Cash Inflows / (Outflows) from Financing Activities</b>		<b>(7,909)</b>	<b>(6,133)</b>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>(2,120)</b>	<b>7,491</b>
Cash and cash equivalents at the beginning of the Financial Year		32,362	24,871
<b>Cash and cash equivalents at the end of the Financial Year</b>	32	<b>30,242</b>	<b>32,362</b>
Financial Arrangements	28b		
Restriction on cash assets	16		

# Notes to and forming part of the Financial Report

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## Introduction

The Mornington Peninsula Shire was established by an Order of the Governor-in-Council on 15 December 1994 as part of a general restructure of local government in Victoria. The Shire is the legal successor to the Councils of the former Shires of Mornington, Hastings and Flinders and parts of the former Cities of Frankston and Cranbourne

The Council's main office is located Besgrove Street, Rosebud.

The Local Government Act prescribes that the purpose of the Council is to:

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

External Auditor – Victorian Auditor General's Office

Internal Auditor – Henry Lewis, Mornington Peninsula Shire

Solicitors – Maddocks, Norton Rose Australia and others

Bankers – National Australia Bank

Website address – [www.mornpen.vic.gov.au](http://www.mornpen.vic.gov.au)

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

The Financial Statements comply with the Australian Accounting Standards which includes the Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that Council's Financial Statements also comply with International Financial Reporting Standards (IFRS).

# Note 1 Summary of Significant Accounting Policies

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## **(a) Basis of accounting:**

This financial report has been prepared on the accrual and going concern bases and under the historical cost convention, except where otherwise stated.

Council controls 2 Committees of Management whose operating results have not been included in the accounts on the basis that they are not material individually or in aggregate. Non-current assets in the custody of the Committees of Management are included in the accounts.

By virtue of the fact that some councillors of Mornington Peninsula Shire form the whole of the Board of Trustees of the Mornington Peninsula Cemetery Trust and the Board of Directors of Mornington Peninsula Regional Waste Management Group, these entities are considered to be controlled entities under AASB 127: *Consolidated and Separate Financial Statements*. Their operating results, assets and liabilities have not been included in the accounts on the basis that they are not material individually or in aggregate.

## **(b) Change in accounting policies**

There have been no changes to accounting policy during the financial year. There have been no changes to comparative figures.

## **(c) Revenue recognition:**

### ***Rates, grants and contributions***

Rates, grants and contributions (including developer contributions) are recognised as revenues 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 represents 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 prior notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

Where grants or contributions recognised as revenues during the financial year were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at balance date, the nature of and amounts pertaining to those undischarged conditions (if any) are disclosed in note 7. Note 7 also discloses the amount of contributions (if any) recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

### ***User fees and fines***

User fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. At the point of invoicing, the Council gains control over the right to be compensated for services rendered and the receipt of compensation becoming probable.

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

### ***Sale of property, infrastructure, plant and equipment***

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

### ***Rental***

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

### ***Interest***

Interest is recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

### ***Dividends***

Dividend revenue is recognised when the Council's right to receive payment is established.

### **(d) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles**

All non-current assets having a limited useful life to Council are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets. Land, Land Under Roads, and Artworks are not depreciable.

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

Depreciation is provided for on a straight-line basis using a range of rates, which are reviewed annually.

The estimated useful lives and depreciation rates of major item classifications are applied as shown below, and are consistent with the prior year unless otherwise stated. Infrastructure and Buildings assets held in works in progress are valued at current cost and are not depreciated until completed and put into practical use.

<b>Asset Class</b>	<b>Estimated Useful Life</b>	<b>Depreciation Rates</b>
Buildings	10-200 years	0.5% - 10%
Furniture & Fittings	3-10 years	10% - 33%
Information Technology	3-15 years	6.5% - 33%
Plant & Equipment	3-10 years	10% - 33%
Infrastructure Assets – Roads	10-230 years	0.43% - 10%
Infrastructure Assets – Drains	10-100 years	1% - 10%
Infrastructure Assets – Other	10-100 years	1% - 10%

## **(e) Recognition and measurement of assets**

### ***Acquisition***

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred in getting the assets ready for use.

Fair value means the amount for which an asset could be exchanged between a knowledgeable willing buyer and knowledgeable willing parties in an arm's length transaction.

The following classes of assets have been recognised in notes 21 to 24. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

<b>Asset Class</b>	<b>Capital Threshold (\$'000)</b>
Land	1
Land Under Roads	1
Buildings	5
Furniture & Fittings	1
Plant & Equipment	2
Infrastructure Assets – Roads	15
Infrastructure Assets – Drains	15
Infrastructure Assets – Other	15

Non-monetary assets received in the form of contributions are recognised as assets and revenues at their fair value at the date of availability for practicable use.

### ***Revaluation***

Non-current assets, including works in progress but excluding receivables are carried at cost, (including deemed cost) or valuation.

At balance date, the Council reviews the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximates its fair value. Where the carrying value materially differs from the fair value at balance date, the class of asset is revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 (two) to 3 (three) years. The valuation is performed either by appropriately qualified 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 was revalued to market value at 30 June 2012. Buildings were revalued at current replacement cost less accumulated depreciation as at 30 June 2012, allowing for age and condition of the asset.

Following a fair value assessment, Infrastructure Roads, Infrastructure Drainage and Infrastructure Other assets were revalued to their current cost less accumulated depreciation as at 30 June 2012, allowing for age and condition of the asset.

**f) Repairs and maintenance**

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

**(g) Finance costs**

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

Finance costs include interest on bank overdrafts, interest on borrowings, finance lease charges and interest on unfunded superannuation.

**(h) Cash and cash equivalents**

For purposes of cash flow statement, cash and cash equivalents include cash on hand, deposits at call and highly liquid investments with original maturities of three months or less which are readily convertible to cash on hand at the investor's option and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(i) Other Financial Assets**

Unlisted shares are valued at cost. Councils holdings in shares are with MAPS Group Ltd and Rye and District Community Financial Services Limited.

**(j) Investments**

Investments are measured at cost. Council has no managed funds or exposure to foreign currency risk.

**(k) Inventories**

Stores and materials are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

**(l) Tender deposits**

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 27).

**(m) Employee Benefits**

***Wages and Salaries***

A liability for wages and salaries is recognised, and is measured as the amount unpaid at reporting date at current pay rates plus oncosts in respect of employees' services up to that date.

***Annual and Long Service Leave***

Employee entitlements to annual leave are a liability recognised on the basis of leave not taken at balance date calculated at salary rates applicable at the time the leave is expected to be taken. A liability for long service leave is recognised, and is measured as the present value of expected future payments, (including oncosts), to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels (including oncosts), experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Entitlements expected to be taken within the next year are classified as current liabilities on the Balance Sheet.

Employee benefit provisions are also reported as current liabilities where the Council does not have an unconditional right to defer settlement for at least twelve (12) months. Consequently, the current portion of the employee benefit provision can include both short term benefits, that are measured at nominal value, and long term benefits, that are measured at present value.

### ***Superannuation***

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees and past employees are members. The 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. The liability also includes applicable contributions tax of 17.65 %.

The superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the superannuation plan, which provides benefits to its employees. Details of those arrangements are set out in note 35a and 35b.

### ***Sick Leave***

Sick leave entitlements do not vest and are paid only upon a valid claim for sick leave by an employee. As Council does not consider it probable that sick leave taken in the future will be greater than entitlements that will accrue in the future, no provision has been made for sick leave entitlements needed.

## **(n) Leases**

### ***Finance leases***

Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the Council will obtain the ownership of the asset, the expected useful life of the asset to the Council. Lease assets held at the reporting date are being amortised over periods not exceeding 10 years.

### ***Operating leases***

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

## **(o) Goods and Services Tax (GST)**

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

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

## **(p) Impairment of assets**

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

**(g) Land identified for sale**

Land identified for intended sale is measured at lower of carrying amount and fair value less costs to sell at balance date. Revenue arising from the sale of land is recognised in the Comprehensive Income Statement on the signing of a valid unconditional contract of sale.

**(r) Rates Receivable**

Rates receivables are carried at nominal amounts due plus interest. Rates debts are a charge attached to the rateable land. Interest rates are reviewed annually. Rates are payable by four instalments during the year or by lump sum in February.

**(s) Prior year non-current asset adjustment**

Prior year non-current adjustments have been recognised directly in the changes to the equity statement, including infrastructure assets recognised/de-recognised prior to 1<sup>st</sup> July 2011.

**(t) Rounding**

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

**(u) Pending Accounting Standards**

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 20010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> <li>* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>* removing the tainting rules associated with held-to-maturity assets;</li> <li>* simplifying the requirements for embedded derivatives;</li> <li>* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and</li> <li>* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based               <ul style="list-style-type: none"> <li>a. the objective of the entity's business model for managing the financial assets; and</li> <li>b. the characteristics of the contractual cash flows.</li> </ul> </li> </ul>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.

	2012	2011
	\$'000	\$'000
<b>Note 2 Rates and charges</b>		
General	90,494	83,050
Commercial	4,834	4,413
Industrial	1,353	1,386
MP Agricultural rate	1,745	1,663
Cultural and Recreation	128	120
Municipal Charge	14,250	13,135
Supplementary Valuations	1,096	860
Green Waste	1,473	-
<b>Total rates and charges</b>	<b>115,374</b>	<b>104,627</b>

*Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the valuation of the land and improvements on the land combined together.*

*The valuation base used to calculate general rates for 2011/2012 was \$51,243 billion (2010/2011:50,042 billion). The 2011/2012 rate in the \$ on CIV was 0.0020167 for rateable Residential properties (2010/2011:0.0018883).*

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

*The date of the next general revaluation of land for rating purposes within the municipal district will be January 2012 and the valuation will be first applied in the rating year commencing 1 July 2012.*

### **Note 3 Statutory fees and fines**

Infringements	839	850
Planning	1,126	1,294
Land Information Certificates	145	157
Permits and Licences	1,194	1,214
Other	235	264
<b>Total statutory fees and fines</b>	<b>3,539</b>	<b>3,779</b>

	2012	2011
	\$'000	\$'000
<b>Note 4 User Fees</b>		
Strategic Planning	41	25
Statutory Planning	375	286
Environment Protection and Community Safety	994	907
Economic Development	775	1,125
Infrastructure Strategy	840	1,825
Infrastructure Maintenance	222	279
Infrastructure Project Management	789	769
Renewable Resources	7,059	7,295
Child Youth and Family Care	557	773
Aged and Disability Services	1,421	1,261
Recreation and Leisure	6,858	6,649
Libraries Arts and Culture	428	380
Director Sustainable Communities	10	23
Governance and Corporate Support	1,082	968
Property and Valuation	2,300	2,280
Information Services	19	15
Finance	1,480	1,453
Team Support and Development	99	170
<b>Total user fees</b>	<b>25,347</b>	<b>26,483</b>

2012	2011
\$'000	\$'000

## Note 5 Contributions

### (a) Cash

Development Contributions	2,554	2,160
Contributions to Capital Works	1,343	291
Other	612	550
<b>Total Cash</b>	<b>4,509</b>	<b>3,001</b>

### (b) Contributed Assets

Land	-	761
Infrastructure	4,823	3,086
Land Under Roads	105	56
<b>Total Contributed Assets</b>	<b>4,928</b>	<b>3,903</b>
<b>Total contributions</b>	<b>9,437</b>	<b>6,904</b>

*In-kind contributions relate to the component parts of subdivision and development over which Council assumes the future care and maintenance. Assets passed to the Council are brought to account at standard cost, which equates to fair value, in accordance with Council policy.*

*In respect of cash contributions received, there were no restrictions imposed on the way in which they be applied or used over a particular period.*

## Note 6 Interest

Investments	1,692	1,576
Rates	576	469
Special Charges Schemes	(30)	(39)
<b>Total interest</b>	<b>2,238</b>	<b>2,006</b>

2012	2011
\$'000	\$'000

## Note 7 Grants

<b>Capital</b>		
Roads	3,765	3,515
Other	1,288	1,262
<b>Total capital</b>	<b>5,053</b>	<b>4,777</b>
<b>Recurrent</b>		
Victorian Grants Commission *	7,851	5,669
Strategic Planning	72	58
Statutory Planning	-	23
Environment Protection and Community Safety	347	273
Economic Development	297	226
Infrastructure Strategy	168	140
Infrastructure Maintenance	665	1,057
Infrastructure Project Management	8	-
Renewable Resources	254	33
Child Youth and Family Care	2,835	3,228
Aged and Disability Services	7,085	6,702
Recreation and Leisure	49	37
Libraries Arts and Culture	959	941
Director Sustainable Communities	613	672
Team Support and Development	8	1
The CEO's Office	5	38
<b>Total recurrent</b>	<b>21,214</b>	<b>19,098</b>
<b>Total Grants</b>	<b>26,266</b>	<b>23,875</b>

\* Note – At the direction of the Commonwealth Government, 50% of the Victorian Grants Commission 2012/2013 allocation amounting to \$1,169k was brought forward to June 2012. The balance will continue to be paid quarterly during the 2012/2013 financial year.

	2012	2011
	\$'000	\$'000
<b>Conditions on Grants</b>		
Grants recognised as revenues during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:	3,046	3,245
Capital Grants:		
Other	116	268
Roads	1,914	1,351
<b>Total capital</b>	<b>2,030</b>	<b>1,619</b>
Strategic Planning	54	20
Economic Development	251	-
Infrastructure Strategy	79	5
Infrastructure Maintenance	218	117
Renewable Resources	222	-
Director Sustainable Communities	75	223
Child Youth and Family Care	107	1,106
Aged and Disability Services	10	79
Recreation and Leisure	-	62
Corporate Planning and Projects	-	14
<b>Total recurrent</b>	<b>1,016</b>	<b>1,626</b>

2012	2011
\$'000	\$'000

### Note 8 Assets Written Off

<b>Infrastructure assets written off</b>	<b>765</b>	<b>1,654</b>
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*Note: Abandonment of road assets following reconstruction of roads.*

### Note 9 Net Gain/(Loss) on Disposal of property, plant and equipment

Total Proceeds from Sale / Disposal of Assets		
Proceeds from sale/disposal	152	1,185
Less: Carrying amount	(125)	(637)
<b>Net Gain/(Loss) on Sale/Disposal</b>	<b>27</b>	<b>548</b>

#### Plant and Equipment

Proceeds from sale	78	16
Less: Carrying amount	(87)	(8)
<b>Net Gain/(Loss) on Sale</b>	<b>(9)</b>	<b>8</b>

#### Property

Proceeds from sale	74	1,169
Less: Carrying amount & ancillary costs	(38)	(629)
<b>Net Gain/(Loss) on Sale</b>	<b>37</b>	<b>540</b>

## **Note 10 Revaluation of Non-Current Assets**

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**Land** was revalued to its market value as at 30 June 2012. The valuations were determined by an officer of the Mornington Peninsula Shire, Ian Brown, AAPI, who is a Registered Valuer.

**Buildings** were revalued to their current replacement cost less accumulated depreciation as at 30 June 2012. The valuations were determined by an officer of the Mornington Peninsula Shire, Ian Brown, AAPI, who is a registered Valuer.

**Infrastructure Assets – Roads, Drainage and Other:** The carrying values have been reassessed as at 30th June 2012 to ensure that they approximate to their fair value. The reassessments were determined by an officer of the Mornington Peninsula Shire, Alex Atkins, Diploma Civil Engineering, Diploma Applied Science (Town Planning), Bachelor of Business, Graduate Diploma in Local Government Management and Master of Business Administration, Member Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Refer to note 30 for the impact of revaluation/reassessment of fair value for the year 2011/12.

	2012	2011
	\$'000	\$'000
<b>Note 11a Employee Costs</b>		
Total Employee Costs	60,378	55,998
Less: Capitalised Employee Costs	(1,616)	(1,488)
<b>Operating Employee Costs</b>	<b>58,762</b>	<b>54,510</b>
Wages and Salaries	46,198	43,322
Redundancy Costs - Wages and Salaries	395	78
Superannuation	4,519	4,233
Fringe Benefit Tax	422	394
Workcover	1,633	1,279
Annual and Long Service Leave Expenses	5,594	5,204
<b>Total employee costs</b>	<b>58,762</b>	<b>54,510</b>
Full-Time Equivalent (FTE) number of employees as at 30th June (excludes casual employees)		
	667	681

#### **Note 11b Unfunded Superannuation - additional call**

Liability	9,235	1,802
Tax	1,630	318
<b>Total Unfunded Superannuation</b>	<b>10,865</b>	<b>2,120</b>

The Local Authorities Superannuation Fund latest actuarial investigation identified an unfunded liability, which was formally advised to Council on 31 July 2012. Council has accounted for this short fall in the Comprehensive Income Statement and in the Balance Sheet in Liabilities – Unfunded Defined Benefits Superannuation (note 28c)(Refer note 35a for detail).

#### **Note 12 Materials and Contracts**

Contracts	66,563	62,620
Materials	8,967	8,584
Utilities and Street Lighting	3,385	3,154
<b>Total materials and contracts</b>	<b>78,915</b>	<b>74,358</b>

2012	2011
\$'000	\$'000

### Note 13 Depreciation and Amortisation

#### Depreciation

Infrastructure Roads	9,020	8,009
Infrastructure Drainage	4,300	4,132
Infrastructure Other	2,864	2,639
Buildings	3,777	3,681
Plant and Equipment	147	135
Furniture and Fittings	228	186
Library Collections	1,049	983
Information Technology Equipment	17	7
<b>Total depreciation</b>	<b>21,402</b>	<b>19,772</b>

#### Amortisation

Landfill cells	215	215
Bins (leased)	386	386
Information Technology Intangible (software)	93	83
<b>Total amortisation</b>	<b>694</b>	<b>684</b>
<b>Total depreciation and amortisation</b>	<b>22,096</b>	<b>20,456</b>

### Note 14 Finance Costs

Interest - Borrowings	2,466	2,508
Interest - Leases	96	127
Interest - Unfunded Superannuation	175	-
<b>Total finance costs</b>	<b>2,737</b>	<b>2,635</b>

### Note 15 Other Expenses

Conferences and Seminars	149	145
Contributions, Donations and Grants Paid	1,428	1,233
Councillors' Allowances	265	249
External Audit - Victorian Auditor Generals Office	77	75
External Audit - Other	23	1
Family Day Care Fee Relief paid (offset by income)	653	647
Indirect Recruitment Costs (recruitment, staff training and uniforms)	568	483
Insurance Excess and Small Claims	107	153
Other	492	566
Property Rental expenses	220	150
<b>Total other costs</b>	<b>3,982</b>	<b>3,702</b>

2012	2011
\$'000	\$'000

## Note 16 Cash and Cash Equivalents

### Cash

Cash on Hand	19	17
Cash at Bank	330	860
Term Deposits	29,893	31,485
<b>Total cash</b>	<b>30,242</b>	<b>32,362</b>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

-Long service leave obligations	-	6,477
-Hillview Quarries Restoration Agreement	477	477
-Trust funds and deposits (note 27)	3,154	4,710
-Reserves (note 30)	1,492	2,220
<b>Total Restricted Funds</b>	<b>5,123</b>	<b>13,884</b>
<b>Total Unrestricted Funds and cash equivalents</b>	<b>25,119</b>	<b>18,478</b>

*The revised Local Government (Long Service Leave) Regulations do not require the establishment of a separate bank account to hold an amount calculated in accordance with the regulations. The new regulations will be in place by 30 June 2012, accordingly the above disclosure does not include a restricted amount for the long service leave account, calculated in accordance with the former regulations.*

## Note 17 Other Financial Assets

### Investments - Non Current

<b>Unlisted shares at cost</b>	<b>8</b>	<b>8</b>
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*Shares are held in MAPS Group Ltd and Rye and Dromana Community Financial Services Ltd.*

2012	2011
\$'000	\$'000

### Note 18 Receivables

#### Current

Rates Receivable	3,808	3,272
Rates Pensioner	1,627	880
Gouvernement Grants	2,878	2,060
Net GST Receivable	1,236	1,383
Special Charge Schemes	368	350
Fines and Infringements	897	862
Less: Provision for Doubtful Debts	(725)	(701)
Other Receivables	1,735	1,803
Less: Provision for Doubtful Debts	-	(10)

<b>Total current receivables</b>	<b>11,824</b>	<b>9,899</b>
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#### Non Current

Special Charge Schemes	1,318	887
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<b>Total non current receivables</b>	<b>1,318</b>	<b>887</b>
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<b>Total receivables</b>	<b>13,142</b>	<b>10,786</b>
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### Note 19 Other Assets

Inventories	146	194
Accrued Income	989	640
Prepayments	695	445

<b>Total other assets</b>	<b>1,830</b>	<b>1,279</b>
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### Note 20 Assets Held for Sale

Land identified for sale in the forthcoming twelve months at Fair Value

<b>Total assets held for sale</b>	<b>7,871</b>	<b>5,160</b>
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*Refer Note 1(q) for basis of measurement*

	2012	2011
	\$'000	\$'000
<b>Note 21 Property</b>		
Land	811,577	676,189
Land Under Roads	533	428
Land Held for Sale	3,892	3,669
Buildings	121,691	122,707
<b>Property Summary</b>	<b>937,693</b>	<b>802,993</b>

#### Assets - Land

Land	811,562	676,189
Work in Progress	15	-
<b>Total Assets - Land</b>	<b>811,577</b>	<b>676,189</b>

*Refer to Note 1(e) for valuation details*

#### Assets - Land Under Roads

<b>Total Land Under Roads at cost</b>	<b>532</b>	<b>428</b>
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*Council has elected not to recognise land under roads controlled prior to 30 June 2008. Land under roads acquired after 30 June 2008 is brought to account using the cost basis. Refer to Note 1(e) for valuation details*

#### Assets - Land Held for Sale

<b>Total Land held for sale at valuation</b>	<b>3,892</b>	<b>3,669</b>
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*Refer to Note 1(q) for more detail*

#### Assets - Buildings

Buildings	241,860	229,700
Less Accumulated Depreciation	(130,377)	(116,000)
Buildings at Cost	3,793	4,476
Less Accumulated Depreciation	-	(6)
Work in Progress	5,339	3,246
Landfill Cell	1,721	1,721
Less Accumulated Amortisation	(646)	(430)
<b>Total Assets - Buildings</b>	<b>121,691</b>	<b>122,707</b>

*All Land and Buildings have been re valued as at 30<sup>th</sup> June 2012 at 'fair value'.*

2012

2011

\$'000

\$'000

## Note 22 Plant, Furniture and Equipment

### Plant

Plant at Cost	1,495	1,610
Less Accumulated Depreciation	(1,059)	(1,226)
Bins at Cost	302	302
Less Accumulated Depreciation	(224)	(194)
Bins Leased	3,855	3,855
Less Accumulated Amortisation	(3,010)	(2,624)
Work in Progress	20	25
<b>Total Plant</b>	<b>1,379</b>	<b>1,748</b>

### Furniture & Equipment

Furniture & Equipment at Cost	2,544	2,315
Less Accumulated Depreciation	(1,868)	(1,675)
Work in Progress	30	48
<b>Total Furniture &amp; Equipment</b>	<b>707</b>	<b>688</b>

### Information Technology

Information Technology at Cost	1,027	1,068
Less Accumulated Depreciation	(949)	(1,052)
Work in Progress	41	39
<b>Total Information Technology</b>	<b>119</b>	<b>55</b>

### Artworks

<b>Total Artworks at Cost</b>	<b>2,401</b>	<b>2,383</b>
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### Library Collections

Library Collections at Cost	7,000	8,211
Less Accumulated Depreciation	(4,273)	(5,539)
Work in Progress	62	107
<b>Total Library Collections</b>	<b>2,789</b>	<b>2,779</b>
<b>Total Plant, Furniture &amp; Equipment</b>	<b>7,395</b>	<b>7,653</b>

	2012	2011
	\$'000	\$'000
<b>Note 23 Infrastructure Assets</b>		
Infrastructure at Valuation 2011	1,362,171	1,284,359
Less Accumulated Depreciation	(393,577)	(372,823)
Work in Progress	5,726	4,822
<b>Total Infrastructure Assets</b>	<b>974,320</b>	<b>916,358</b>

*Infrastructure Assets include earthworks, substructures, seals, and kerbs relating to roads (footpaths and parking areas)*

#### **Note 23a Infrastructure Assets - Roads**

Infrastructure - Roads at Valuation	797,309	728,688
Less Accumulated Depreciation	(212,499)	(194,147)
<b>Total Infrastructure Assets - Roads</b>	<b>584,810</b>	<b>534,541</b>

#### **Note 23b Infrastructure Assets - Drains**

Infrastructure - Drains at Valuation	439,862	423,653
Less Accumulated Depreciation	(121,384)	(112,528)
<b>Total Infrastructure Assets - Drains</b>	<b>318,478</b>	<b>311,125</b>

#### **Note 23c Infrastructure Assets - Other**

Infrastructure - Other at Valuation	125,000	132,018
Less Accumulated Depreciation	(59,694)	(66,148)
<b>Total Infrastructure Assets - Other</b>	<b>65,306</b>	<b>65,870</b>

#### **Note 23d Infrastructure Assets - Work in Progress**

<b>Total Construction Works at Cost</b>	<b>5,726</b>	<b>4,822</b>
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## Note 24a Movements in the carrying amount of non-current assets

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Additions/Contributions	Transfers	Transfer to/from WIP	Balance at end of financial year
2012	\$'000	\$'000	(note 30) \$'000	(note 13) \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Land</b>									
Land	676,189	120	136,931	-	-	-	(1,678)	-	811,562
Land Under Roads	428	-	-	-	-	105	-	-	533
Assets Held for Sale	3,669	-	-	-	-	-	223	-	3,892
Work in Progress	-	-	-	-	-	-	-	15	15
<b>Total Land</b>	<b>680,286</b>	<b>120</b>	<b>136,931</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>(1,455)</b>	<b>15</b>	<b>816,002</b>
<b>Buildings</b>									
Buildings	119,461	4,565	(1,767)	(3,993)	(861)	-	(1,053)	-	116,352
Work in Progress	3,246	-	-	-	-	-	-	2,093	5,339
<b>Total Buildings</b>	<b>122,707</b>	<b>4,565</b>	<b>(1,767)</b>	<b>(3,993)</b>	<b>(861)</b>	<b>-</b>	<b>(1,053)</b>	<b>2,093</b>	<b>121,691</b>
<b>Total Property</b>	<b>802,993</b>	<b>4,685</b>	<b>135,164</b>	<b>(3,993)</b>	<b>(861)</b>	<b>105</b>	<b>(2,508)</b>	<b>2,108</b>	<b>937,693</b>
<b>Plant, Furniture and Equipment</b>									
Plant	1,723	210	-	(532)	(41)	-	-	-	1,360
Furniture and Equipment	640	267	-	(228)	(1)	-	-	-	678
Information Technology	14	81	-	(17)	-	-	-	-	78
Artworks	2,383	18	-	-	-	-	-	-	2,401
Library Collections	2,673	1,126	-	(1,049)	(23)	-	-	-	2,727
Work in Progress	220	-	-	-	-	-	-	(67)	153
<b>Total Plant, Furniture and Equipment</b>	<b>7,653</b>	<b>1,702</b>	<b>-</b>	<b>(1,826)</b>	<b>(65)</b>	<b>-</b>	<b>-</b>	<b>(67)</b>	<b>7,397</b>
<b>Infrastructure</b>									
Roads	534,541	610	44,753	(9,020)	(2,531)	2,364	-	14,093	584,810
Drains	311,125	3,221	6,824	(4,300)	(3,594)	2,378	-	2,824	318,478
Other Structures	65,870	3,532	(1,343)	(2,864)	(1,606)	81	(202)	1,838	65,306
Work in Progress	4,822	-	-	-	-	-	-	904	5,726
<b>Total infrastructure</b>	<b>916,358</b>	<b>7,363</b>	<b>50,234</b>	<b>(16,184)</b>	<b>(7,731)</b>	<b>4,823</b>	<b>(202)</b>	<b>19,659</b>	<b>974,320</b>
<b>Total Land &amp; Buildings, Plant and Equipment, Infrastructure</b>	<b>1,727,004</b>	<b>13,750</b>	<b>185,398</b>	<b>(22,003)</b>	<b>(8,657)</b>	<b>4,928</b>	<b>(2,710)</b>	<b>21,700</b>	<b>1,919,410</b>

**Note 24a Movements in the carrying amount of non-current assets**

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Additions/Contributions	Transfers	Transfer to/from WIP	Balance at end of financial year
2011	\$'000	\$'000	(note 30) \$'000	(note 13) \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Land</b>									
Land	677,918	-	-	-	(398)	761	(2,092)	-	676,189
Land Under Roads	372	-	-	-	-	56	-	-	428
Assets Held for Sale	3,669	-	-	-	-	-	-	-	3,669
Work in Progress	8	-	-	-	-	-	-	(8)	-
<b>Total Land</b>	<b>681,967</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(398)</b>	<b>817</b>	<b>(2,092)</b>	<b>(8)</b>	<b>680,286</b>
<b>Buildings</b>									
Buildings	116,221	7,275	(6)	(3,896)	(133)	-	-	-	119,461
Work in Progress	3,579	-	-	-	-	-	-	(333)	3,246
<b>Total Buildings</b>	<b>119,800</b>	<b>7,275</b>	<b>(6)</b>	<b>(3,896)</b>	<b>(133)</b>	<b>-</b>	<b>-</b>	<b>(333)</b>	<b>122,707</b>
<b>Total Property</b>	<b>801,767</b>	<b>7,275</b>	<b>(6)</b>	<b>(3,896)</b>	<b>(531)</b>	<b>817</b>	<b>(2,092)</b>	<b>(341)</b>	<b>802,993</b>
<b>Plant, Furniture and Equipment</b>									
Plant	2,175	70	-	(521)	(8)	7	-	-	1,723
Furniture and Equipment	524	278	25	(187)	-	-	-	-	640
Information Technology	8	13	-	(7)	-	-	-	-	14
Artworks	2,313	70	-	-	-	-	-	-	2,383
Library Collections	2,463	1,193	-	(983)	-	-	-	-	2,673
Work in Progress	284	-	-	-	-	-	-	(64)	220
<b>Total Plant, Furniture and Equipment</b>	<b>7,767</b>	<b>1,624</b>	<b>25</b>	<b>(1,698)</b>	<b>(8)</b>	<b>7</b>	<b>-</b>	<b>(64)</b>	<b>7,653</b>
<b>Infrastructure</b>									
Roads	537,599	11,313	(6,591)	(8,009)	(1,407)	1,636	-	-	534,541
Drains	310,869	2,046	950	(4,132)	(47)	1,439	-	-	311,125
Other Structures	62,146	2,158	4,402	(2,639)	(201)	4	-	-	65,870
Work in Progress	5,001	-	-	-	-	-	-	(179)	4,822
<b>Total infrastructure</b>	<b>915,615</b>	<b>15,517</b>	<b>(1,239)</b>	<b>(14,780)</b>	<b>(1,655)</b>	<b>3,079</b>	<b>-</b>	<b>(179)</b>	<b>916,358</b>
<b>Total Land &amp; Buildings, Plant and Equipment, Infrastructure</b>	<b>1,725,149</b>	<b>24,416</b>	<b>(1,220)</b>	<b>(20,374)</b>	<b>(2,194)</b>	<b>3,903</b>	<b>(2,092)</b>	<b>(584)</b>	<b>1,727,004</b>

2012	2011
\$'000	\$'000

## Note 25 Intangible Assets

Software at Cost	3,780	3,522
Less Accumulated Amortisation	(2,517)	(2,423)
<b>Total Intangible Assets</b>	<b>1,263</b>	<b>1,099</b>

### Software

#### Gross Carrying Amount

Balance at the beginning of the financial year	3,522	3,499
Additions	257	23
<b>Balance at the end of the financial year</b>	<b>3,779</b>	<b>3,522</b>

#### Accumulated Amortisation and Impairment

Balance at the beginning of the financial year	2,423	2,340
Amortisation	93	83
<b>Balance at the end of the financial year</b>	<b>2,516</b>	<b>2,423</b>

## Note 26 Liabilities - Payables

Employee Costs	1,907	1,949
Materials and Contracts	8,194	8,060
Accruals	629	694
<b>Total Payables</b>	<b>10,730</b>	<b>10,703</b>

## Note 27 Liabilities - Trust Funds and Deposits

Trust - General	44	36
Trust - Bank Guarantees	653	787
Trust - Subdivision Maintenance Deposits	971	1,053
Trust - Hillview Quarries	477	477
Trust - Rate Recoveries	435	444
Trust - Bonds/Deposits	574	561
<b>Total Trust Funds and Deposits</b>	<b>3,154</b>	<b>3,358</b>

2012	2011
\$'000	\$'000

### Note 28 Liabilities - Interest Bearing Liabilities

<b>Current</b>		
Finance Leases	479	445
Secured Borrowings	4,198	3,927
Unfunded Superannuation	530	530
<b>Total Current Interest Bearing Liabilities</b>	<b>5,207</b>	<b>4,902</b>
<b>Non Current</b>		
Finance Leases	590	1,069
Secured Borrowings	30,476	34,664
Unfunded Superannuation	11,925	1,590
<b>Total Non Current Interest Bearing Liabilities</b>	<b>42,991</b>	<b>37,323</b>
<b>Total Interest Bearing Liabilities</b>	<b>48,198</b>	<b>42,225</b>

### Note 28a Liabilities - Finance Leases

<b>Current</b>		
Plant - Bins	479	445
<b>Total Current Liabilities - Finance Leases</b>	<b>479</b>	<b>445</b>
<b>Non Current</b>		
Plant - Bins	590	1,069
<b>Total Non Current Liabilities - Finance Leases</b>	<b>590</b>	<b>1,069</b>
<b>Total Finance Leases</b>	<b>1,069</b>	<b>1,514</b>

### Maturity Profile

Lease commitments not later than 1 year	541	541
Lease commitments later than 1 year but not later than 5 years	617	1,158
	<b>1,158</b>	<b>1,699</b>
Less Lease Interest	(89)	(185)
<b>Total Finance Leases</b>	<b>1,069</b>	<b>1,514</b>

2012	2011
\$'000	\$'000

## Note 28b Liabilities - Borrowings

### Current Secured Borrowings

Bank Loans	4,198	3,927
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### Non Current Secured Borrowings

Bank Loans	30,476	34,664
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<b>Total Borrowings</b>	<b>34,674</b>	<b>38,591</b>
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The maturity profile for Council's borrowings is:

Not later than one year	4,198	3,927
Later than one year and not later than five years	15,465	16,209
Later than five years	15,011	18,455
<b>Total Borrowings</b>	<b>34,674</b>	<b>38,591</b>

### Security for Borrowings

The bank loans are secured over the general rates of the Council.

### Financing

Unrestricted access was available at the reporting date to the following lines of credit

#### Total Facilities

Bank Overdraft	5,000	5,000
Bank Loans	34,674	38,591
Asset Finance - Leasing	3,000	3,000

#### Used at Reporting Date

Bank Overdraft	1,708	1,238
Bank Loans	34,674	38,591

#### Unused at Reporting Date

Bank Overdraft	3,292	3,762
Asset Finance - Leasing	3,000	3,000

2012	2011
\$'000	\$'000

### Note 28c Liabilities - Unfunded Defined Benefits Superannuation

<b>Current</b>		
Unfunded Defined Benefits	530	530
<b>Total Current Liabilities - Unfunded Defined Benefits</b>	<b>530</b>	<b>530</b>
<b>Non Current</b>		
Unfunded Defined Benefits - call 2010	1,060	1,590
Unfunded Defined Benefits - call 2011	10,865	-
<b>Total Non Current Liabilities - Unfunded Defined Benefits</b>	<b>11,925</b>	<b>1,590</b>
<b>Total Unfunded Defined Benefits</b>	<b>12,455</b>	<b>2,120</b>

### Maturity Profile

Unfunded defined benefits commitments not later than 1 year	661	705
Unfunded defined benefits commitments later than 1 year but not later than 5 years	12,052	1,848
	<b>12,713</b>	<b>2,553</b>
Less Unfunded Defined Benefits Interest at 7.5%	258	433
<b>Total Unfunded Defined Benefits Superannuation</b>	<b>12,455</b>	<b>2,120</b>

<b>2012</b>	<b>2011</b>
<b>\$'000</b>	<b>\$'000</b>

## Note 29 Liabilities - Provisions

### Current

Native Vegetation Management	135	109
Annual Leave	3,827	3,695
Long Service Leave	7,565	7,100
<b>Total Current Provisions</b>	<b>11,527</b>	<b>10,904</b>

### Non Current

Landfill Restoration	1,285	1,085
Native Vegetation Management	508	371
Long Service Leave	1,299	1,243
<b>Total Non Current Provisions</b>	<b>3,092</b>	<b>2,699</b>
<b>Total Provisions</b>	<b>14,619</b>	<b>13,603</b>

	Annual Leave	Long Service Leave	Landfill Rest'n	Native Veget'n Mgt	Total
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<b>2012</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the financial year	3,695	8,343	1,085	480	13,603
Additional provisions	4,009	3,468	200	294	7,971
Less: Amounts used	(3,877)	(2,948)	-	(132)	(6,957)
<b>Balance at the end of the financial year</b>	<b>3,827</b>	<b>8,863</b>	<b>1,285</b>	<b>642</b>	<b>14,618</b>

### 2011

Balance at beginning of the financial year	3,577	7,668	885	439	12,569
Additional provisions	3,806	1,535	200	114	5,655
Less: Amounts used	(3,688)	(860)	-	(73)	(4,621)
<b>Balance at the end of the financial year</b>	<b>3,695</b>	<b>8,343</b>	<b>1,085</b>	<b>480</b>	<b>13,603</b>

2012	2011
\$'000	\$'000

### Note 29 Liabilities - Provisions - continued

Aggregate carrying amount of employee benefits:

Current	11,392	10,795
Non-current	1,299	1,243
<b>Total</b>	<b>12,691</b>	<b>12,038</b>

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

Weighted average increase in employee costs	3.90%	3.90%
Weighted average discount rates	2.58%	4.74%

#### Current

All annual leave and long service leave entitlements representing 7 or more years of continuous service.

- Short-term employee benefits, that fall due within 12 months of the end of the period measured at nominal value

4,976	4,503
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- Other long-term employee benefits that are not expected to be paid within 12 months after the end of the period measured at present value

6,416	6,292
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<b>Total</b>	<b>11,392</b>	<b>10,795</b>
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#### Non-current

Long service leave representing less than 10 years of continuous service measured at present value

1,299	1,243
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<b>Total</b>	<b>1,299</b>	<b>1,243</b>
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## Note 30 Reserve Movements

2012	Balance			Balance
	2011	Increment (Decrement)		2012
	\$'000	\$'000	\$'000	\$'000
<b>Asset Revaluation Reserves</b>				
Plant, Furniture and Equipment Revaluation Property	40	-	(40)	-
Land	448,559	136,931	-	585,490
Buildings	42,710		(1,767)	40,943
Infrastructure				
Roads	130,178	44,752		174,930
Drainage	200,480	6,824	-	207,304
Other Infrastructure	31,506	-	(1,343)	30,163
<b>Total Asset Revaluation Reserves</b>	<b>853,473</b>	<b>188,507</b>	<b>(3,150)</b>	<b>1,038,830</b>
<b>Sustainability Energy Fund</b>	<b>217</b>	<b>-</b>	<b>(130)</b>	<b>87</b>
<b>Recreation Land Reserve</b>	<b>1,603</b>	<b>-</b>	<b>(578)</b>	<b>1,025</b>
<b>Municipal Emergency Fund</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>400</b>
<b>Total Reserves</b>	<b>855,293</b>	<b>188,507</b>	<b>(3,858)</b>	<b>1,040,342</b>
2011	Balance			Balance
	2010	Increment (Decrement)		2011
	\$'000	\$'000	\$'000	\$'000
<b>Asset Revaluation Reserves</b>				
Plant, Furniture and Equipment Revaluation Property	15	25	-	40
Land	448,559	-	-	448,559
Buildings	42,716	-	(6)	42,710
Infrastructure				
Roads	136,769	-	(6,591)	130,178
Drainage	199,531	949	-	200,480
Other Infrastructure	27,104	4,402	-	31,506
<b>Total Asset Revaluation Reserves</b>	<b>854,694</b>	<b>5,376</b>	<b>(6,597)</b>	<b>853,473</b>
<b>Sustainability Energy Fund</b>	<b>385</b>	<b>-</b>	<b>(168)</b>	<b>217</b>
<b>Recreation Land Reserve</b>	<b>1,659</b>	<b>-</b>	<b>(56)</b>	<b>1,603</b>
<b>Municipal Emergency Fund</b>	<b>-</b>	<b>400</b>	<b>-</b>	<b>400</b>
<b>Total Reserves</b>	<b>856,738</b>	<b>5,776</b>	<b>(6,821)</b>	<b>855,693</b>

### Nature and Purpose of Reserves

#### Sustainable Energy (Fund) Reserve

The purpose of this reserve is to provide funds to sustainably reduce the impact of energy use on the Global Warming effect through the implementation of:

- program of Shire wide energy reduction measures;
- energy production initiatives; and educational programs.

Funds available as at 30th June 2012 :\$87K (\$217K in 2010/11).

**Recreation Land Reserve**

The purpose of this reserve is to provide for the purchase of land and/or improvements to places of recreation. Funds available as at 30th June 2012: \$1,025K (\$1,603K in 2010/11).

**Municipal Emergency Fund**

The purpose of this reserve is to have an ability to finance the recovery response from unplanned emergency management events. Funds available as at 30<sup>th</sup> June 2012 \$400K (\$400K in 2010/11).

	2012	2011
	\$'000	\$'000
<b>Note 31 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Surplus/(Deficit)	4,107	8,787
<b>Items Not Involving Cash</b>		
Depreciation/ Amortisation (note 13)	22,096	20,456
Change in Provision for Doubtful Debts (note 18)	14	28
Assets Written Off (note 8)	765	1,654
Contributions -Non-mometary assets (note 5b)	(4,928)	(3,903)
Unfunded Superannuation Liability (note 11b)	10,865	2,120
Net Loss / (Gain) on Sale of Non-Current Assets (note 9)	(27)	(548)
<b>Items in Financing Activities</b>		
Finance Costs	2,737	2,636
<b>Change In Operating Assets and Liabilities</b>		
(Increase) / Decrease in Rates Receivables	(536)	(488)
(Increase) / Decrease in Other Receivables	(1,887)	1,145
(Increase) / Decrease in Other Operating Assets	(551)	34
Increase / (Decrease) in Payables	(403)	3,180
Increase / (Decrease) in Provisions	654	793
<b>Net Cash Inflows / (Outflows) from Operating Activities</b>	<b>32,906</b>	<b>35,894</b>

**Note 32 Reconciliation of cash and cash equivalents**

Cash and cash equivalents	30,242	32,362
<b>Total reconciliation of cash and cash equivalents</b>	<b>30,242</b>	<b>32,362</b>

### Note 33 Commitments

The Council has entered into the following contractual commitments

2012	Later than 1 year and Later than 2 years and				Total \$'000
	Not later than 1 year \$'000	not later than 2 years \$'000	not later than 5 years \$'000	Later than 5 years \$'000	
	<b>Operating</b>				
SIMS Cleansing	7,312	448	-	-	7,760
SIMS Parks and Roadsides	14,626	42	-	-	14,668
SIMS Furniture and Signs	3,347	-	-	-	3,347
SIMS Buildings	4,654	-	-	-	4,654
Safer Local Roads	9,501	9,881	32,079	49,087	100,548
Hard Waste Collection	8,475	-	-	-	8,475
Green Waste	4,050	-	-	-	4,050
Wan Infrastructure and Communication Links	122	127	-	-	249
Tourism Branding and Promotional Campaign	168	175	-	-	343
Lab Analyst Services	87	-	-	-	87
Consulting & Training	132	113	117	-	362
Rye Recreational Boating Precinct Plan & Coastal Study	27	-	-	-	27
Design & Construct of Temporary Sports Portables	183	-	-	-	183
Feral Animal Management	104	108	113	-	325
Bushland Restoration	783	-	-	-	783
<b>Total Operating</b>	<b>53,571</b>	<b>10,894</b>	<b>32,309</b>	<b>49,087</b>	<b>145,861</b>
<b>Capital</b>					
Buildings	1,622	-	-	-	1,622
Roads	1,485	-	-	-	1,485
Footpaths	965	-	-	-	965
Drainage Upgrades	1,673	-	-	-	1,673
IT Software & Licences	712	740	-	-	1,452
Public Toilet Strategy	86	-	-	-	86
Playgrounds	73	-	-	-	73
Hastings Jetty	169	-	-	-	169
<b>Total Capital</b>	<b>6,785</b>	<b>740</b>	<b>-</b>	<b>-</b>	<b>7,525</b>

2011	Later than 1 year and Later than 2 years and				Total \$'000
	Not later than 1 year \$'000	not later than 2 years \$'000	not later than 5 years \$'000	Later than 5 years \$'000	
	<b>Operating</b>				
SIMS Cleansing	6,726	5,190	11,012	-	22,928
SIMS Parks and Roadsides	14,096	4,134	-	-	18,230
SIMS Furniture and Signs	3,179	-	-	-	3,179
SIMS Buildings	184	184	-	-	368
Safer Local Roads	11,497	9,907	20,983	60,257	102,644
Bushland Reserves	117	41	-	-	158
Hard Waste Collection	468	8	-	-	476
Flood Mapping Coburn Creek	11	-	-	-	11
Wan Infrastructure and Communication Links	192	192	-	-	384
Mount Martha LIDS Study	17	-	-	-	17
Tourism Branding and Promotional Campaign	470	-	-	-	470
Kackeraboite Creek LIDS study	64	-	-	-	64
<b>Total Operating</b>	<b>37,021</b>	<b>19,656</b>	<b>31,995</b>	<b>60,257</b>	<b>148,929</b>
<b>Capital</b>					
Buildings	475	101	-	-	576
Recreation Facilities	2,454	-	-	-	2,454
<b>Total Capital</b>	<b>2,929</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>3,030</b>

	2012	2011
	\$'000	\$'000
<b>Note 34 Operating leases</b>		
<b>Operating lease commitments</b>		
Payments under Operating Lease which form part of total expenditure	2,381	2,420
Operating Lease contracted for at the reporting date but not recognised in the financial statements as liabilities	2,405	3,809
<i>These expenditures are payable:</i>		
Not later than one year	1,224	1,977
Later than one year but not later than five years	1,181	1,832
<b>Total Operating Leases</b>	<b>2,405</b>	<b>3,809</b>

## 35a Superannuation: Local Authorities Superannuation Fund

The Mornington Peninsula Shire makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund) or a fund of their choice. Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, each of which is funded differently.

### LASPLAN Members

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

### Defined Benefits Members

The Fund's Defined Benefits Plan is a multi-employer sponsored plan. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Mornington Peninsula Shire Council does not use defined benefit accounting for these contributions.

The Mornington Peninsula Shire Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

Mornington Peninsula Shire Council makes the following contributions-

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

### Accounting Standard Disclosure

2012	2011
\$'000	\$'000

Council made contributions to the following funds

Superannuation Fund (Vision Super)

-Defined Benefits	523	525
-Accumulated Fund	3,326	3,256
	<b>3,849</b>	<b>3,781</b>

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a member. Council was aware of the actuarial investigation and expected short fall but was not informed formally of its share of the short fall until 31 July 2012 which amounted to \$10,865,260.

Council has accounted for this short fall in the Comprehensive Income Statement in Employee Benefit (See note 11) and in the Balance Sheet in Liabilities – Unfunded Defined Benefits

Superannuation (note 28c). As at the date of signing this report, Council has not yet determined upon a payment plan to pay the shortfall, which is due to commence 1st July 2013.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets the likelihood of making such contributions in future periods has increased. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

### **35b Superannuation: Fund of Choice**

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The Mornington Peninsula Shire's Employment Agreement No 6 (clause 23.7) allows employees to contribute to alternative complying superannuation funds upon Vision Super providing a clearing facility.

The Mornington Peninsula Shire makes employer superannuation contributions in respect of its employees to alternative funds.

Vision Super received both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9% in 2011/12 and 2010/11). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of their Fund.

During 2011/12 the Mornington Peninsula Shire Council's superannuation contributions relating to "Choice" fund members was \$639K (\$421K in 2010/11).

2012	2011
\$'000	\$'000

## Note 36a Revenue and Expenses by Function/activities

Recurrent		
<b>Sustainable Environment</b>		
Grants	621	517
Other Income	5,372	5,735
Expenses	(18,575)	(17,968)
<b>Net Cost</b>	<b>(12,582)</b>	<b>(11,716)</b>
<b>Sustainable Infrastructure</b>		
Grants	227	860
Other Income	16,147	14,995
Expenses	(91,028)	(82,250)
<b>Net Cost</b>	<b>(74,654)</b>	<b>(66,395)</b>
<b>Sustainable Community</b>		
Grants	11,398	11,511
Other Income	9,264	9,083
Expenses	(42,646)	(39,697)
<b>Net Cost</b>	<b>(21,984)</b>	<b>(19,103)</b>
<b>Sustainable Organisation</b>		
Other Income	15,949	15,139
Expenses	(19,931)	(18,807)
<b>Net Cost</b>	<b>(3,982)</b>	<b>(3,668)</b>
<b>CEO and Council</b>		
Grants	8	1
Other Income	1,562	1,516
Expenses	(5,213)	(5,028)
<b>Net Cost</b>	<b>(3,643)</b>	<b>(3,511)</b>

<b>2012</b>	<b>2011</b>
<b>\$'000</b>	<b>\$'000</b>

### Note 36a Revenue and Expenses by Function/activities

<b>Other</b>		
Rates	115,374	104,627
Grants Commission	7,851	5,669
Interest (Net)	(404)	(503)
<b>Net Surplus</b>	<b>122,821</b>	<b>109,793</b>
<b>Recurrent Surplus / (Deficit)</b>	<b>5,976</b>	<b>5,400</b>
<b>Non - Recurrent</b>		
Capital Grants, Special Charge Schemes and Contribution	10,184	9,625
Profit / (Loss) on sale of Assets	27	548
Unfunded Superannuation	(10,865)	(2,120)
Assets Written Off	(765)	(1,655)
Priority projects (Net)	(2,244)	(1,999)
Priority Works (Net)	(3,134)	(4,915)
<b>Non-Recurrent Surplus / (Deficit)</b>	<b>(6,797)</b>	<b>(516)</b>
<b>Surplus / (Deficit) before Asset Revaluations,</b>		
<b>Adjustments and New Subdivisions</b>	<b>(821)</b>	<b>4,884</b>
New Subdivisions	4,928	3,903
<b>Net Result from Operations</b>	<b>4,107</b>	<b>8,787</b>

### Note 36b Assets Attributed to Functions

	Current Assets		Non-Current Assets	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Sustainable Environment	1,102	337	148	145
Sustainable Infrastructure	3,695	655	1,144,586	1,060,955
Sustainable Community	426	517	747,092	638,977
Sustainable Organisation	328	436	28,691	27,950
CEO and Council	-	-	151	76
Corporate	44,596	46,755	1326	895
<b>Total assets</b>	<b>50,148</b>	<b>48,700</b>	<b>1,921,994</b>	<b>1,728,998</b>

**For the basis of allocation it was determined that:**

- Sundry Debtors are apportioned by nature of activity
- Cash assets, Rate Debtors and other minor assets are classified as 'Other' where it is not practicable to apportion by function
- Land and Buildings are classified as Sustainable Community assets except for Shire depots and toilet blocks (Sustainable Infrastructure) and Civic Centres (Sustainable Organisation)
- Roads, Drains and Other Infrastructure assets have been classified under Sustainable Infrastructure.
- Plant, Furniture and Information Technology equipment have been apportioned as per the functional activity of full time equivalent staff
- Artworks and Library Collections are classified as Community assets

**Description of Functional Areas**

- **Sustainable Environment** includes Statutory Planning, Environment Protection and Community Safety, Strategic Planning and Economic Development.
- **Sustainable Infrastructure** includes Infrastructure Strategy, Infrastructure Project Management, Infrastructure Maintenance and Renewable Resources.
- **Sustainable Community** includes Social Planning and Community Development, Child, Youth and Family Care, Aged and Disability Services, Recreation and Leisure, Libraries, Arts and Culture.
- **Sustainable Organisation** includes Governance and Corporate Support, Finance, Information Services, Property and Valuation.
- **CEO and Council** includes Team Support and Development, Internal Auditing, Corporate Planning and Projects, and Communications.
- **Corporate** includes assets not classified into the above functional areas (eg Cash and Cash Equivalents and Receivables).

*Note: Income and expenses include internal recharges.*

## Note 37 Related Party Transactions

### a) Responsible Persons

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

#### Mayors

- Cr Frank Martin (05/12/2011 to current)
- Cr Graham Pittock (01/07/2011 to 04/12/2012)

#### Councillors

- Cr Lynn Bowden (elected 2008 to current)
- Cr Antonella Celi (elected 2010 to current)
- Cr Bev Colomb (elected 2005 to current)
- Cr Leigh Eustace (elected 2008 to current)
- Cr David Gibb (elected 1997 to current)
- Cr Bill Goodrem (elected 1997 to current)
- Cr Frank Martin (elected 2008 to current)
- Cr Graham Pittock (elected 2008 to current)
- Cr Tim Rodgers (elected 2005 to current)
- Cr Anne Shaw (elected 2003 to current)
- Cr Reade Smith (elected 2000 to current)

#### Chief Executive Officer

- Dr Michael Kennedy OAM

### b) Remuneration of Responsible Persons

The number of Responsible Officers, whose total remuneration from Council and any related Entities fall within the following bands:

Income Range	2012 Number	2011 Number
\$20,000 - \$29,999	8	9
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	2	1
\$310,000 - \$319,999	-	1
\$330,000 - \$339,999	1	-
<b>Total</b>	<b>12</b>	<b>12</b>
	<b>\$'000</b>	<b>\$'000</b>

The total remuneration for the year for Responsible Persons included above to:

	676	647
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**Note 37 Related Party Transactions (Cont'd)**

c) **Senior Officers Remuneration:**

A Senior Officer other than a Responsible Person, is an officer of the Council who has management responsibilities and/or reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$127,000, (\$120,000, 2011).

The number of Senior Officers other than Responsible Persons, are shown below in their relevant income bands:

Income Range:	2012 Number	2011 Number
\$110,000 - \$119,999	1	2
\$120,000 - \$129,999	1	2
\$130,000 - \$139,999	11	13
\$140,000 - \$149,999	7	2
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	-	-
\$220,000 - \$229,999	3	1
<b>Total</b>	<b>24</b>	<b>22</b>

The total remuneration for the year for Senior Officers included above, amounted to:

\$'000	\$'000
3,644	3,237

- d) No retirement benefits have been made by the Council to a Responsible Person. (2010/2011, nil)
- e) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2010/2011, nil).
- f) Other related party transactions requiring disclosure have been considered. There are no matters to report.
- g) Remuneration includes current gross salaries, superannuation, allowances and other benefits.

## Note 38 Contingent Liabilities and Assets

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### (a). Guarantees for loans to other entities

	2012	2011
	\$'000	\$'000
<b>The Mornington Peninsula Shire has guaranteed loans of:</b>		
Mornington District Basketball Association \$650,000	533	582
Dromana Bowling Club Inc \$280,000	67	99
Somerville Bowling Club Inc \$150,000	27	25
Balnarring Bowls and Social Club Inc \$100,000	1	9
Hastings Bowls Club Inc \$300,000 *	300	-

*\*Draw down on Hastings Bowls Club loan did not occur until after balance date.*

### (b) Grants

The Council may be contingently liable to the Commonwealth or State Government for return of grant funds on disposal of assets purchased out of such funds as per agreements entered into with the funding agencies.

## Note 39 Financial Instruments

### a) Financial Instruments- Accounting Policy, Terms and Conditions

Recognised Financial Instrument	Note	Accounting Policy	Terms and Conditions
<b>i) Financial Assets</b>			
Cash and cash equivalents	16	<p>Cash on hand and at bank and money market call account are valued at face value</p> <p>Interest recognised as it accrues.</p>	<p>At call deposits returned floating interest rates between 3.45% and 4.70% (2011: 4.45% and 4.70%). The interest rate at balance date was 3.45% (2011: 4.7%)</p> <p>Bank bills returned floating interest rates between 4.60% and 5.58% (2011: 4.65% and 5.85%).The weighted average rate at balance date was 4.99% (2011: 5.74%).</p>
Unlisted Shares	17	Valued at cost.	Council's holdings in MAPS Group Ltd and Rye & District Community Financial Services Ltd.
Other Receivables (excluding fines and infringements receivables)	18	<p>General receivables are carried at nominal amounts due less any provisions for doubtful debts.</p> <p>A provision for doubtful debts is recognised when collection is no longer probable.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p> <p>Special Charge Scheme receivables are carried at nominal amounts due plus interest. Special Charge debts are a charge attached to the rateable land. Interest rates are reviewed annually.</p>	<p>General receivables are unsecured and interest free. Credit terms are net 30 days.</p> <p>Special Charge Scheme receivables are payable by quarterly instalments for up to 10 years. Interest rate charged for Special Charge Scheme receivables was between 8.31% and 8.76% (2011: 8.33% to 8.76%)</p>

Recognised Instrument	Financial Note	Accounting Policy	Terms and Conditions
<b>ii) Financial Liabilities</b>			
Trade and other Payables	26	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	Payables are unsecured, not subject to interest charges and are normally settled within 30 days of invoice date.
Interest bearing loans and borrowings	28b	Loans are carried at their principal amount outstanding. Bank loans are subject to borrowing limits imposed by State Government under Loan Council approval arrangements. Interest is charged as an expense as it accrues.	Bank loans are secured by a deed over the rate revenue of Council  The interest rate for individual bank loans is fixed for the period of the loan  Bank loans are repayable in equal instalments comprising principal & interest. Interest is payable in arrears. Interest rates for loans vary between 6.10% and 7.76% (2011: 6.10% and 7.76%).
Finance Leases	28a	Finance leases are capitalised and calculated using an imputed interest rate based on repayment streams. The leases are in respect of recycling bins.	The equipment (except recycling bins) remains the property of the leasing company. The interest rate applicable is 7.32% (2011: 7.32%)

### Note 39b Financial Instruments – Interest Rate Risk

Council's exposure to interest rate risk and the effective interest rates on financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

	Note	Fixed Interest Rate Matures in:					Carrying Amount	Weighted Average Interest Rate %
		Floating Interest Rate	1 year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing		
2012		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial Assets</b>								
Cash and Cash at Bank	16	330	-	-	-	19	349	3.45
Cash on Call & Bank Bills	16	-	29,893	-	-	-	29,893	4.99
Other Financial Assets	17	-	-	-	-	8	8	N/A
Other Receivables	18	1,686	-	-	-	7,476	9,162	8.55
<b>Total Financial Assets</b>		<b>2,016</b>	<b>29,893</b>	<b>-</b>	<b>-</b>	<b>7,503</b>	<b>39,412</b>	
<b>Financial Liabilities</b>								
Trade and other payables	26	-	-	-	-	10,730	10,730	N/A
Trust Funds and Deposits	27	-	-	-	-	3,154	3,154	N/A
Finance Leases	28a	-	479	590	-	-	1,069	7.32
Interest Bearing Loans	28b	-	4,198	15,465	15,011	-	34,674	6.74
Unfunded Superannuation	28c	-	530	11,925	-	-	12,455	N/A
<b>Total Financial Liabilities</b>		<b>-</b>	<b>5,207</b>	<b>27,980</b>	<b>15,011</b>	<b>13,884</b>	<b>62,082</b>	
<b>Net Financial Assets/(Liabilities)</b>		<b>2,016</b>	<b>24,686</b>	<b>(27,980)</b>	<b>(15,011)</b>	<b>(6,381)</b>	<b>(22,670)</b>	

	Note	Fixed Interest Rate Matures in:					Carrying Amount	Weighted Average Interest Rate %
		Floating Interest Rate	1 year or Less	1 to 5 Years	Over 5 Years	Non Interest Bearing		
2011		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial Assets</b>								
Cash and Cash at Bank	16	860	-	-	-	17	877	5.67
Cash on Call & Bank Bills	16	-	31,485	-	-	-	31,485	5.71
Other Financial Assets	17	-	-	-	-	8	8	N/A
Other Receivables	18	1,237	-	-	-	6,116	7,353	8.54
<b>Total Financial Assets</b>		<b>2,097</b>	<b>31,485</b>	<b>-</b>	<b>-</b>	<b>6,141</b>	<b>39,723</b>	
<b>Financial Liabilities</b>								
Trade and other payables	26	-	-	-	-	10,703	10,703	N/A
Trust Funds and Deposits	27	-	-	-	-	3,358	3,358	N/A
Finance Leases	28a	-	445	1,069	-	-	1,514	7.32
Interest Bearing Loans	28b	-	3,927	16,209	18,455	-	38,591	6.75
Unfunded Superannuation	28c	-	530	1,590	-	-	2,120	N/A
<b>Total Financial Liabilities</b>		<b>0</b>	<b>4,902</b>	<b>18,868</b>	<b>18,455</b>	<b>14,061</b>	<b>56,286</b>	
<b>Net Financial Assets/(Liabilities)</b>		<b>2,097</b>	<b>26,583</b>	<b>(18,868)</b>	<b>(18,455)</b>	<b>(7,920)</b>	<b>(16,563)</b>	

### **Note 39c Financial Instruments – Net Fair Value**

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

	Total Carrying amount as per Balance Sheet \$'000		Aggregate Net Fair Value \$'000	
	2012	2011	2012	2011
<b>Financial Assets</b>				
Cash and Cash Equivalents	30,242	32,362	30,242	32,362
Other Financial Assets	8	8	8	8
Other Receivables	9,162	7,353	9,162	7,353
<b>Total Financial Assets</b>	<b>39,412</b>	<b>39,723</b>	<b>39,412</b>	<b>39,723</b>
<b>Financial Liabilities</b>				
Interest - Bearing Loans	34,674	38,591	35,321	36,527
Trade and other payables	10,730	10,703	10,730	10,703
Trust Funds and Deposits	3,154	3,358	3,154	3,358
Finance Leases	1,069	1,514	1,069	1,514
Unfunded Superannuation	12,455	2,120	12,455	2,120
<b>Total Financial Liabilities</b>	<b>62,082</b>	<b>56,286</b>	<b>62,729</b>	<b>54,222</b>

The following methods and assumptions are used to determine the net fair value of financial assets and financial liabilities:

- Creditors, Cash on Call, Receivables other than Special Charge Schemes & Bank Overdraft      The carrying amount approximated fair value because of the short term to maturity.
- Bank Loans      The fair value of long-term borrowings is estimated during cash flow analysis based on current lending rates.
- Unlisted Shares      The carrying amount approximated fair value.
- Unfunded Superannuation      The carrying amount approximated fair value.
- Financial Leases      The fair value of long-term lease liability is estimated using cash flow analysis based on current implicit rate of interest.

### **Note 39d Financial Instruments – Credit Risk**

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

## **Note 39e      Financial Instruments – Risks and Mitigation**

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

### **Market Risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks, and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

### **Interest Rate Risk**

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

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

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

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

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

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

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

### **Credit Risk**

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and

- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal, because the main debtor is the Victorian Government. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 38.

#### Movement in Provisions for Doubtful Debts

	2012 \$'000	2011 \$'000
Balance at the Beginning of the year	711	682
New Provisions recognised/reduced during the year	24	32
Amounts already provided for and written off as uncollectible	(10)	(3)
Balance at end of year	<b>725</b>	<b>711</b>

#### Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due date but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & Other Receivables was:

	2012 \$'000	2011 \$'000
Current (not yet due)	7,206	5,364
Past due by up to 30 days	279	484
Past due between 31 and 60 days	60	63
Past due greater than 61 days	5,563	4,876
Total Trade & Other Receivables	<b>13,108</b>	<b>10,787</b>

#### Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$897K (2011 \$862K) were impaired. The amount of the provision raised against these debtors was \$725K (2011 \$701K). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2012	2011
	\$'000	\$'000
Past due by more than 1 year	725	711
Total Trade & Other Receivables	<u>725</u>	<u>711</u>

### Liquidity Risk

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

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

To help reduce these risks we:

- monitor cashflow which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- monitor budget to actual performance on a regular basis.

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

The table below lists the contractual maturities for Financial Liabilities.

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

2012	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	10,730	-	-	-	-	10,730	10,730
Trust funds and deposits	2,100	1,026	577	-	477	4,180	4,180
Interest Bearing loans and borrowings	2,057	2,141	4,490	10,974	15,011	34,673	34,673
<b>Total Financial Liabilities</b>	<b>14,887</b>	<b>3,167</b>	<b>5,067</b>	<b>10,974</b>	<b>15,488</b>	<b>49,583</b>	<b>49,583</b>

2011	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,657	-	-	-	-	1,657	1,657
Trust funds and deposits	3,344	1,388	619	-	477	5,828	5,828
Interest Bearing loans and borrowings	1,757	1,809	3,806	12,369	19,354	39,095	39,095
<b>Total Financial Liabilities</b>	<b>6,758</b>	<b>3,197</b>	<b>4,425</b>	<b>12,369</b>	<b>19,831</b>	<b>46,580</b>	<b>46,580</b>

### Note 39f Financial Instruments – Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia):

- A parallel shift of +2% and -1% in market interest rates (AUD) from years-end rates of 3.45%. The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

Market Risk Exposure	Carrying amount Subject to Interest	Interest Rate Risk			
		-1%		+2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash and Cash at Bank	330	(3)	(3)	7	7
Cash on Call and Bank Bills	29,893	(299)	(299)	598	598
Other Receivables	1,686	(17)	(17)	34	34
<b>Financial Liabilities</b>					
Bank Loans	34,674	347	347	(693)	(693)
Finance Leases	1,069	11	11	(21)	(21)
<b>Net</b>	<b>(3,834)</b>	<b>39</b>	<b>39</b>	<b>(75)</b>	<b>(75)</b>

Market Risk Exposure	Carrying amount Subject to Interest	Interest Rate Risk			
		-1%		+2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
2011	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash and Cash at Bank	860	(9)	(9)	17	17
Cash on Call and Bank Bills	31,485	(315)	(315)	630	630
Other Receivables	1,237	(12)	(12)	25	25
<b>Financial Liabilities</b>					
Bank Loans	38,591	386	386	(772)	(772)
Finance Leases	1,514	15	15	(30)	(30)
<b>Net</b>	<b>(6,523)</b>	<b>65</b>	<b>65</b>	<b>(130)</b>	<b>(130)</b>

### Note 39g Financial Instruments – Fair Value Hierarchy

The Council does not have assets carried at fair value.

2012	2011
\$'000	\$'000

### Note 40 Auditors' remuneration

Audit fee to conduct external audit - Victorian Auditor-General	77	75
Internal Audit and other audits	174	143
<b>Total Auditors' remuneration</b>	<b>251</b>	<b>218</b>

### Note 41 Events occurring after balance date

No matters have occurred since balance date that require disclosure in the financial report.

**Note 42 Financial Ratios (Performance Indicators)**

	2012	2011	2010
<p><b>a) Debt Servicing Ratio</b></p> <p>The Debt Servicing ratio expresses debt servicing costs (interest and finance charges relating to bank loans and finance leases) as a percentage of total operating revenue, thus identifying the capacity of Council to service its outstanding debt.</p> <p style="text-align: right;"><b>1.5%      1.6%      1.8%</b></p> <p>Council's Debt Servicing ratio is reducing and low, and indicates that Council has a strong capacity to meet financing costs on borrowings.</p> <p><u>Debt servicing costs</u> Total revenue</p>			
<p><b>b) Debt Commitment Ratio</b></p> <p>The Debt Commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal, thus indicating Council's debt redemption strategy.</p> <p style="text-align: right;"><b>6.6%      6.3%      6.9%</b></p> <p>Council's Debt Commitment ratio is steady, and indicates that resources are not extensively committed to servicing existing debts. The small increase is due to the 2010 call on Unfunded Superannuation.</p> <p><u>Debt servicing &amp; redemption costs</u> Rate revenue</p>			
<p><b>c) Revenue Ratio</b></p> <p>The Revenue Ratio indicates Council's reliance on rate revenue by assessing rate revenue as a proportion of the total revenue of Council; it identifies Council's dependence on non-rate income.</p> <p style="text-align: right;"><b>63.3%      62.4%      58.4%</b></p> <p>Council's Revenue Ratio has increased in 2012 due in part to receiving the first half of the 2012/13 Grants Commission allocation (adjusted) in June.</p> <p><u>Rate revenue</u> Total revenue</p>			
<p><b>d) Debt Exposure Ratio</b></p> <p>The Debt Exposure ratio expresses the percentage of total liabilities for each dollar of realisable assets, enabling assessment of Council's solvency and exposure to debt.</p> <p style="text-align: right;"><b>9.0%      9.6%      9.2%</b></p> <p>(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 use; land and buildings on Crown land, restricted assets, and total infrastructure assets are excluded).</p>			

Council's Debt Exposure decreased in 2012 due to the revaluation of Land and Buildings, offset by 2011 call on Unfunded Superannuation. The ratio is consistent and considered low (Council's target measure is <20%), and indicates that Council is not heavily reliant on debt.

Total indebtedness  
Total realisable assets

2012      2011      2010

**e) Working Capital Ratio**

The Working Capital ratio expresses the level of current assets the Council has available to meet its current liabilities, indicating our ability to meet current commitments

Council's Working Capital ratio is improving and whilst we have no issues, we need to be careful in managing cash flow.

169.1%    163.1%    147.6  
%

Current assets  
Current Liabilities

**f) Adjusted Working Capital Ratio**

The Adjusted Working Capital ratio also assesses Councils ability to meet current commitments, however current liabilities have been reduced to reflect the long service leave that is shown as a 'current liability' (because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period).

224.6%    213.9%    193.9  
%

When adjusted, the Working Capital ratio indicates that Council has no issues with repaying short term liabilities as they fall due.

Current assets  
Current Liabilities

# Statement by Councillors and Principal Accounting Officer

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.



.....Principal Accounting Officer  
Geoff Emberson, B.Bus (Acc), CPA

Date: 10/9/2012

In our opinion the accompanying financial statements present fairly the financial transactions of the Mornington Peninsula Shire for the year ended 30 June 2012 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 statements to be misleading or inaccurate.

We have been authorised by the Council on 3rd September 2012 to certify the financial statements in their final form.



.....Councillor  
Cr Frank Martin



.....Councillor  
Cr Graham Pittock

Date: 10/9/2012



.....Chief Executive Officer  
Dr Michael Kennedy OAM

Date: 10/9/2012

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Mornington Peninsula Shire Council

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

The accompanying financial statements for the year ended 30 June 2012 of Mornington Peninsula Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the statement by Councillors and the Principal Accounting Officer have been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises the standard statement of financial performance, standard statement of financial position, standard statement of cash flows, standard statement of capital works, the related notes and the statement by Councillors and the Principal Accounting Officer have been audited.

#### *The Councillors' Responsibility for the Financial Statements and Standard Statements*

The Councillors of the Mornington Peninsula Shire Council are responsible for the preparation and the fair presentation of:

- the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements and standard statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial statements and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial statements and standard statements are free from material misstatement.

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

- the appropriateness of the accounting policies used in the financial statements
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial statements and standard statements.

## Independent Auditor's Report (continued)

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

### *Independence*

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

### *Opinion*

In my opinion:

- (a) the financial statements present fairly, in all material respects, the financial position of Mornington Peninsula Shire Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

### *Basis of Accounting for Standard Statements*

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

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

This auditor's report relates to the financial statements and standard statements of the Mornington Peninsula Shire Council for the year ended 30 June 2012 included both in the Mornington Peninsula Shire Council's annual report and on the website. The Councillors of the Mornington Peninsula Shire Council are responsible for the integrity of the Mornington Peninsula Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial statements and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and standard statements to confirm the information contained in the website version of the financial statements and standard statements.

MELBOURNE  
14 September 2012

  
D D R Pearson  
Auditor-General



# Standard Statements

for the year ended  
30 June 2012

## Notes to the Standard Statements

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### 1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements in its Annual Report. Four statements are required — a Standard Statement of Financial Performance, a Standard Statement of Financial Position, a Standard Statement of Cash Flows and a Standard Statement of Capital Works, 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 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 Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Statements.

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

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of ten percent. 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 Statements are those adopted by the Council on 25th July 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet 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 Statements. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.

## Standard Statement of Financial Performance For the Year Ended 30 June 2012

	Budget 2012 \$'000	Actual 2012 \$'000	Variance \$'000	Variance %	Ref
<b>Revenue from ordinary activities</b>					
Rates and Charges	114,483	115,374	891	0.78	
Statutory Fees and Charges	3,760	3,539	(221)	(5.88)	
User Fees	25,185	25,347	162	0.64	
Contributions - cash	2,653	4,509	1,856	69.95	1
Contributed Assets	7,000	4,928	(2,072)	(29.60)	2
Grants - Recurrent	18,393	21,214	2,821	15.34	3
Grants - Capital	4,309	5,053	744	17.27	4
Interest	1,400	2,238	838	59.86	5
<b>Total revenues</b>	<b>177,183</b>	<b>182,202</b>	<b>5,019</b>		
<b>Expenses from ordinary activities</b>					
Employee Costs	56,306	58,762	(2,456)	(4.36)	
Unfunded Superannuation	-	10,865	(10,865)	100.00	6
Materials and Contracts	80,976	78,915	2,061	2.55	
Depreciation and Amortisation	21,255	22,096	(841)	(3.96)	
Finance Costs	2,756	2,737	19	0.69	
Other Expenses	4,298	3,982	316	7.35	
Assets Written Off	-	765	(765)	100.00	7
<b>Total expenses</b>	<b>165,591</b>	<b>178,122</b>	<b>(12,531)</b>		
Net Gain/(Loss) on Sale/Disposal of Assets	-	27	27	100.00	8
<b>Net result from ordinary operations</b>	<b>11,592</b>	<b>4,107</b>	<b>(7,485)</b>		

## Notes to Standard Statement of Financial Performance For the Year Ended 30 June 2012

### 1 Cash Contributions

Unbudgeted contributions to capital works projects \$1.243m, including Sorrento Seawall \$537k, Mornington North Precinct \$370k and Humphries Road Frankston City Council (shared cost) \$205k and priority projects \$477k (Special Charge Promotion Schemes). In addition, contributions from developers towards recreation land were \$130k greater than the original budget.

### 2 Contributed Assets

The budget for in-kind contributions (\$7m) (from subdivisions), was premised on previous years actual results, but the actual for the year was \$2.07m less than anticipated.

### 3 Grants - Recurrent

The first half of the 2012/13 Grants Commission allocation (unadjusted) was received in June. This was not known at the time of preparing the 2011/12 budget as previously only the first quarter had been paid in advance.

Family Day Care fee relief was less than budget due to a reduction in the number of care hours (offset by a reduction in expenditure) \$186k. HACC growth funding was approximately \$200k greater than budget. Maternal and Child Health recurrent funding was also \$157k greater than budget.

In addition, unbudgeted grants for priority works projects \$756k, including Coastal Reserves Biodiversity \$217k and Corporate Water Conservation Program \$236k and unbudgeted priority projects \$259k received during the year.

### 4 Grants – Capital

Unbudgeted grants received towards the capital works program including, but not limited to, VicRoads Black Spot projects \$1.684m. A number of capital projects budgeted to be funded from external grants are incomplete at balance date and cannot be claimed until the project is complete and have been carried forward to 2012/13, including Balnarring Sports Club \$300k, Somerville Netball Courts \$250k and the Hastings Boat Ramp Floating Pontoon \$135k.

### 5 Interest

Investment interest income greater than budget \$692k due to greater amount of funds invested due to incomplete capital works program. In addition, interest income from rates was greater than budget \$176k.

### 6 Unfunded Superannuation

During 2011/12 Council was required to bring to account additional liability for Vision Super Defined Benefits Plan of \$10.865m, which is not payable until 1<sup>st</sup> July 2013.

### 7 Assets Written Off

Not included in the Annual Budget. The actual amount is primarily due to the abandonment of Infrastructure assets. Refer to Financial Statements note 8 for details.

### 8 Net Gain/(Loss) on sale/disposal of assets

Net Gain/(Loss) on sale/disposal of assets was not included in the Annual Budget. The actual amount is primarily as a result of sale of land. Refer Financial Statements note 9 for details.

## Standard Statement of Financial Position For the Year Ended 30 June 2012

	Budget 2012 \$'000	Actual 2012 \$'000	Variance \$'000	Variance %	Ref
<b>Current Assets</b>					
Cash and Cash Equivalents	21,270	30,242	8,972	42.18	1
Receivables	9,241	11,824	2,583	27.95	2
Other	1,295	1,830	535	41.31	3
Assets held for sale	4,000	7,871	3,871	96.78	4
<b>Total Current Assets</b>	<b>35,806</b>	<b>51,767</b>	<b>15,961</b>		
<b>Non-Current Assets</b>					
Other Financial Assets	8	8	-	-	
Receivables	526	1,318	792	150.57	5
Land and Buildings	825,000	937,693	112,693	13.66	6
Plant, Furniture and Equipment	8,000	7,395	(605)	(7.56)	
Infrastructure	918,779	974,320	55,541	6.05	
Intangibles	1,200	1,263	63	5.25	
<b>Total Non-Current Assets</b>	<b>1,753,513</b>	<b>1,921,997</b>	<b>168,484</b>		
<b>Total Assets</b>	<b>1,789,319</b>	<b>1,973,764</b>	<b>184,445</b>		
<b>Current Liabilities</b>					
Payables	8,074	10,730	(2,656)	(32.90)	7
Trust Funds and Deposits	5,025	3,154	1,871	37.23	8
Interest-bearing Liabilities	5,326	5,207	119	2.23	
Provisions	10,955	11,527	(572)	(5.22)	
<b>Total Current Liabilities</b>	<b>29,380</b>	<b>30,618</b>	<b>(1,238)</b>		
<b>Non-Current Liabilities</b>					
Interest-bearing Liabilities	32,548	42,991	(10,443)	(32.08)	9
Provisions	2,562	3,092	(530)	(20.69)	10
<b>Total Non-Current Liabilities</b>	<b>35,110</b>	<b>46,083</b>	<b>(10,973)</b>		
<b>Total Liabilities</b>	<b>64,490</b>	<b>76,701</b>	<b>(12,211)</b>		
<b>Equity</b>					
Accumulated Surplus	869,635	856,720	12,915	1.49	
Reserves	855,194	1,040,343	(185,149)	(21.65)	11
<b>Total Equity</b>	<b>1,724,829</b>	<b>1,897,063</b>	<b>(172,234)</b>		
<b>Total Liabilities and Equity</b>	<b>1,789,319</b>	<b>1,973,764</b>	<b>(184,445)</b>		

## Notes to Standard Statement of Financial Position For the Year Ended 30 June 2012

- 1 Cash and Cash Equivalents**  
Refer to Standard Statement of Cashflows.
- 2 Receivables**  
Budget assumed a lower level of receivables as at year end. Refer Financial Statements note 18 for details.
- 3 Other**  
Budget assumed a lower level of other as at year end. Refer Financial Statements note 19 for details.
- 4 Assets held for sale**  
The amount anticipated for the land sale program has increased compared to the previous year and budget.
- 5 Receivables**  
Budget assumed a lower level of non-current portion of Special Charge Schemes receivables as at year end. Refer Financial Statements note 18 for details.
- 6 Land and Buildings**  
The budget did not allow for the revaluation of land and buildings as at 30 June.
- 7 Payables**  
Budget assumed a lower level of payables at year end. All amounts accrued are expected to be paid or refunded in the next 12 months. The level of accruals was higher than anticipated. Refer Financial Statements note 26 for details.
- 8 Trust Funds and Deposits**  
Budget assumed a higher level of Trust Funds and Deposits. Refer Financial Statements note 27 for details.
- 9 Interest-bearing Liabilities**  
Budget did not allow for the recognition of unfunded superannuation. Current amount recognised at year end of \$530k.
- 10 Provisions**  
The Annual Budget was adopted by Council before the 2010/11 Financial Statements were finalised, consequently, actual information was different from budget assumption.
- 11 Reserves**  
The increment is primarily due to land asset revaluations, (refer to note30).

It should be noted that 2011/12 Annual Budget was adopted by Council before the 2010/11 Financial Statements were finalised. The budget amounts were included in the Annual Budget at the total level only and as such may have included some imprecise assumptions.

Standard Statement of Cash Flows  
For the Year Ended 30 June 2012

	Budget 2012 \$'000	Actual 2012 \$'000	Variance \$'000	Variance %	Ref
<b>Cash Flows from Operating Activities</b>					
<i>Receipts (inclusive of GST, wherever applicable)</i>					
General Rates	114,483	114,091	(392)	(0.34)	
User Charges and Other	28,945	29,835	890	3.07	
Cash Contributions	2,653	4,509	1,856	69.96	1
Government Grants	23,302	26,183	2,881	12.36	2
Interest	1,400	2,206	806	57.57	3
Net GST Refund	4,628	8,180	3,552	76.75	4
	<b>175,411</b>	<b>185,004</b>	<b>9,593</b>		
<i>Payments (inclusive of GST, wherever applicable)</i>					
Employee Costs	56,306	58,175	(1,869)	(3.32)	
Materials and Contracts	80,977	89,945	(8,968)	(11.07)	5
Other Expenses	4,897	3,978	919	18.77	6
	<b>142,180</b>	<b>152,098</b>	<b>(9,918)</b>		
<b>Net Cash Inflows / (Outflows) from Operating Activities</b>	<b>33,231</b>	<b>32,906</b>	<b>(325)</b>		
<b>Cash Flows from Investing Activities</b>					
<i>Payments for</i>					
Property	7,466	7,784	(318)	(4.26)	
Infrastructure Assets	27,513	17,517	9,996	36.33	7
Plant, Furniture and Equipment	1,837	1,997	(160)	(8.71)	
	<b>36,816</b>	<b>27,298</b>	<b>9,518</b>		
<i>Proceeds from</i>					
Sale of Property	1,850	133	(1,717)	(92.81)	8
Sale of Plant, Furniture and Equipment	95	32	(63)	(66.32)	9
Sundry Receivables	-	16	16	100.00	10
	<b>1,945</b>	<b>181</b>	<b>(1,764)</b>		
<b>Net Cash Inflows / (Outflows) from Investing Activities</b>	<b>(34,871)</b>	<b>(27,117)</b>	<b>7,754</b>		
<b>Cash Flows from Financing Activities</b>					
Finance Costs	(2,756)	(2,812)	(56)	(2.03)	
Proceeds from Borrowings	600	-	(600)	(100.00)	11
Repayment of Borrowings	(3,913)	(3,917)	(4)	(0.10)	
Repayment of Finance Leases	(445)	(445)	-	-	
Repayment of Unfunded Superannuation	(530)	(530)	-	-	
Movement in Deposits and Bonds	-	(205)	(205)	(100.00)	12
<b>Net Cash Inflows / (Outflows) from Financing Activities</b>	<b>(7,044)</b>	<b>(7,909)</b>	<b>(865)</b>		
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(8,684)</b>	<b>(2,120)</b>	<b>6,564</b>		
Cash and cash equivalents at the beginning of the Financial Year	29,954	32,362	2,408		
<b>Cash and cash equivalents at the end of the Financial Year</b>	<b>21,270</b>	<b>30,242</b>	<b>8,972</b>		

Notes to Standard Statement of Cash Flows  
For the Year Ended 30 June 2012

## Notes to Standard Statement of Cash Flows For the Year Ended 30 June 2012

### 1 Cash Contributions

Unbudgeted contributions to capital works projects \$1.243m, including Sorrento Seawall \$537k, Mornington North Precinct \$370k and Humphries Road Frankston City Council (shared cost) \$205k and priority projects \$477k (Special Charge Promotion Schemes). In addition, contributions from developers towards recreation land were \$130k greater than the original budget.

### 2 Government Grants

The first half of the 2012/13 Grants Commission allocation (unadjusted) was received in June. This was not known at the time of preparing the 2011/12 budget as previously only the first quarter had been paid in advance.

Family Day Care fee relief was less than budget due to a reduction in the number of care hours (offset by a reduction in expenditure) \$186k. HACC growth funding was approximately \$200k greater than budget. Maternal and Child Health recurrent funding was also \$157k greater than budget.

Unbudgeted grants received towards the capital works program including, but not limited to, VicRoads Black Spot projects \$1.684m.

### 3 Interest

During the year Council had additional funds to invest due to incomplete capital works program.

### 4 Net GST Refund

Refunds for payments made were more than anticipated.

### 5 Materials and Contracts

The budget did not include GST compared to the actual that does include GST, but is offset by the net GST refund above.

### 6 Other Expenses

Due to a number of variations across the organisation, for examples, Family Day Care fee relief paid being less than budget.

### 7 Infrastructure Assets

Payments less than budget due to capital projects carried forward to 2012/13. Refer Standard Statement of Capital Works.

### 8 Sale of Property

Some properties that were intended for disposal during 2011/12 will not be finalised until 2012/13.

### 9 Sale of Plant, Furniture and Equipment

Not all budgeted trade-ins proceeded with.

### 10 Sundry Receivables

Budget assumed no movement in the level of Sundry Receivables and Deposits at yearend.

### 11 Repayment of Borrowings

Council Borrowings for 2011/12 did not proceed.

### 12 Deposits and Bonds

Budget assumed no movement in the level of Trust Funds and Deposits at year end.

## Standard Statement of Capital Works For the Year Ended 30 June 2012

	Budget 2012 \$'000	Actual 2012 \$'000	Variance \$'000	Variance %	Ref
<b>Capital Works Areas</b>					
Land	50	82	(32)	(64.00)	1
Buildings	7,416	6,690	726	9.79	2
Infrastructure - Roads	18,033	13,878	4,155	23.04	3
Infrastructure - Drainage	4,842	3,361	1,481	30.59	4
Infrastructure - Other	4,637	2,432	2,205	47.55	5
Plant	265	238	27	10.19	6
Furniture and Equipment	432	206	226	52.31	7
Information Technology	-	251	(251)	(100.00)	8
Artworks	40	18	22	55.00	9
Library Bookstock	1,100	1,082	18	1.64	
<b>Total Capital Works</b>	<b>36,815</b>	<b>28,238</b>	<b>8,577</b>		

<b>Types of Capital Works</b>					
Expansion	1,781	820	961	53.96	
Upgrade	10,203	8,547	1,656	16.23	
New	4,885	3,204	1,681	34.41	
Renewal	19,946	15,667	4,279	21.45	
<b>Total Capital Works</b>	<b>36,815</b>	<b>28,238</b>	<b>8,577</b>		

### Fixed Assets Movement Reconciliation Worksheet

The movement in fixed assets between the previous year and the current year as shown in the Standard Statement of Financial Position links to the net of the following items:

Total Capital Works	36,815	28,238	8,577	23.30
Depreciation and Amortisation	(21,255)	(22,003)	748	(3.52)
Assets Written off	-	(765)	765	(100.00)
Granted Assets	7,000	4,928	2,072	29.60
Movement in asset revaluation	-	185,396	(185,396)	100.00
Disposals	-	(6,751)	6,751	(100.00)
Other adjustments	-	6,069	(6,069)	(100.00)
Transfer to Current Assets	-	(2,711)	2,711	(100.00)
<b>Net Movement</b>	<b>22,560</b>	<b>192,401</b>	<b>(169,841)</b>	

#### a) Renewal

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

#### b) Upgrade

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

#### c) Expansion

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

## **Notes to Standard Statement of Capital Works For the Year Ended 30 June 2012**

### **1 Land**

Unbudgeted sale of roads expenditure (offset by income received).

### **2 Buildings**

Projects incomplete at balance date due to planning issues, weather delays and extended consultation, were carried forward into 2012/13, including, Southern Peninsula Aquatic Centre \$405k, Pavillion Strategy Implementation \$360k, Former Mornington Secondary College Classrooms Refurb \$309k, Somerville Sports Strategy \$100k.

Major building renovations was greater than budget by \$580k primarily due to the early completion of works budgeted for in 2012/13 for the Rosebud Air Conditioning project. Building renovations (minor) greater than budget by \$207k (noting that \$150k was reallocated from operating during the year).

### **3 Infrastructure - Roads**

Safer Local Roads accelerated works program was \$2.152m less than budget (offset operating result). In addition; \$1.126m was carried forward for the Footpath Strategy Implementation; \$436K Rehab - Walkways/bike paths/footpaths - program re-prioritised; Activity Centre Structure Plan \$397k less than budget (unbudgeted income \$160k also received); Rye Traffic Management Strategy Implementation \$382k carried forward; Traffic Mgt Treatments \$198k carried forward due to projects not yet complete or deferred. R2R projects less than budget \$ 435k. Black spot projects \$392k less than budget due to projects being carried forward (and noting additional income received \$1.684m and \$1.3 m carried forward).

Urban Road Contributory schemes expenditure greater than budget \$562k due to the budget only including Council's contribution. Mornington North Precinct \$472k greater than budget offset by unbudgeted income \$370k.

### **4 Infrastructure - Drainage**

Integrated Flood Management and Drainage less than budget by \$1.79m due to a number of projects being delayed due to weather conditions and therefore carried forward into the new year \$2.15m. Noting that funding was also reallocated from Priority Works during the year \$654k.

### **5 Infrastructure – Other**

Projects were carried forward to 2012/13 due to projects being incomplete or not yet started including, the Implementation of Recreation Master Plans \$1.37m, Skate Parks \$149k, Playground developments \$123k, Balnarring Sports Club - contribution \$300k, Somerville Netball Courts \$122k, Hastings Boat Ramp Floating pontoon \$122k. Police Point Park Improvements \$61k, RCLIP Pontoon (\$49K) and Bus Shelter (\$31k), Sporting Facilities lighting \$30k and Gateway Park \$47k.

Oval Rehab greater than budget \$119k due to additional funds required to complete Redhill oval resurfacing - funding reallocated during the year.

**6 Plant**

Favourable variance due to savings in various purchases.

**7 Furniture and Equipment**

Enterprise Management System implementation budgeted for as Furniture and Equipment, but reallocated to Information Technology category during the year.

**8 Information Technology**

As above.


**9 Artworks**

Acquisitions - Mornington Peninsula Regional Gallery carried forward to 2012/13 due to the 2012 National Works on paper to be held in August 2012.

It should be noted that 2012/13 Annual Budget was adopted by Council before the 2011/12 Financial Statements were finalised.

## Statement by Councillors and Principal Accounting Officer

In my opinion the accompanying standard statements of the Mornington Peninsula Shire Council in respect of the 2011/2012 financial year have been prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

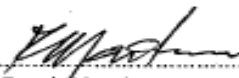
  
.....Principal Accounting Officer  
Geoff Emberson, B.Bus (Acc), CPA

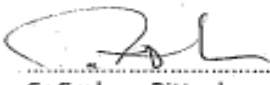
Date: 10/9/2012

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

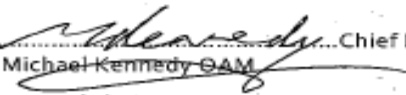
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 3rd September 2012 to certify the standard statements in their final form.

  
.....Councillor  
Cr Frank Martin

  
.....Councillor  
Cr Graham Pittock

Date: 10/9/2012

  
.....Chief Executive Officer  
Dr Michael Kennedy OAM  
10/9/2012



# Performance Statement

for the year ended  
30 June 2012

# Performance Statement

## Explanatory Information

The Council is required to prepare and adopt an Annual Budget and monitor the achievement of Key Strategic Activities contained in the budget against targets. These targets are used to monitor the achievement of the plan are determined in accordance with legislation at the beginning of the Annual Budget year.

For the 2011/12 year, Council has prepared a Performance Statement which compares these targets set at the beginning of the year with the actual results at the end of the year and shows the extent to which those targets have been met.

Key Strategic Activity	Performance Measure	How Data is reported	Performance Target
<b>Nurturing our local character and 'sense of place'</b>			
Emphasising the regional role of the peninsula	Commencement of project 'Promotion and marketing of the Mornington Peninsula to the National conference industry'	Monthly Report	Commencement by 31 December 2011
<p>Achieved</p> <p>The three year strategy / program has a number of key milestones and in the first year gaining the support of 25 local businesses to be a part of the conference bureau has been achieved.</p> <p>The next year will see the finalisation of the website, event planner and attendance at the various conference industry trade shows and undertaking industry promotional familiarisations to the region.</p>			
Encouraging a distinct 'sense of place'	Completion of 'Heart of Rosebud' precinct plan	Monthly Report	Completion by 30 June 2012
<p>In progress</p> <p>The Heart of Rosebud Precinct Plan is linked with the development of the Rosebud Urban Design Framework (scheduled for consideration by Council on 13th August 2012) and to be completed in conjunction with the development of plans for the Southern Peninsula Aquatic Centre, which are scheduled to be completed in late 2013.</p>			
Pursuing safe environments and ESD through good design	Implementation of 'Land Subject to Inundation' overlay	Report to Council	Adoption by 30 June 2012
<p>Achieved</p> <p>The Land Subject to Inundation Overlay is being progressively implemented as the necessary background inundation and drainage information becomes available – either through Council's infrastructure unit or Melbourne Water. Amendment C150, which involves a significant extension of the LSIO was adopted by Council and submitted for approval to DPCD on 26 July 2012.</p>			

Key Strategic Activity	Performance Measure	How Data is reported	Performance Target
Protecting coastal and rural landscapes	Adoption of the Green Wedge Management Plan	Report to Council	Completion by 30 June 2012
<p>In Progress</p> <p>The Green Wedge Management Plan is scheduled for consideration/adoption by Council 10 September 2012</p>			
Recognition and protection of our heritage assets	Commencement of Stage 1 of Local History Digitisation project	Monthly Report	Commencement by 31 December 2011
<p>Partially achieved</p> <p>This project commenced mid-January, 2012. By end July, 2012 over 9,000 items from local history museums at Hastings Western Port, Nepean, Rye and Somerville had been digitised. Stage 1 of the project is approximately 20% complete and should be completed by June 2014.</p>			
<b>Protecting our environment and tackling climate change</b>			
Sustaining our natural systems	Adoption of Biodiversity Action Plan	Report to Council	Completion by 30 June 2012
<p>In progress</p> <p>The major Native Vegetation Mapping and Quality assessment and Fauna Atlas components of this project have been completed, and will be reported on the 8th October, 2012.</p> <p>The final development of the Biodiversity Action Plan has been delayed, pending the release of the Regional Catchment Strategy (by the Port Phillip and Western Port Catchment Management Authority) and the Biodiversity Action Plan is now expected to be completed circa June 2013.</p>			
Managing our coast line	Implementation of various Coastal Management Plans	Monthly Report	Completion by 30 June 2012
<p>Achieved</p> <p>The implementation of existing coastal management plans primarily occurs with annual priorities established by the Coastal Planners in consultation with the Infrastructure team and the Foreshore Advisory Groups.</p> <p>The 2011/12 Priority Works Coastal Budget has been fully expended.</p> <p>In addition during 2011/2012 Council has completed the Rosebud Coastal Management Plan and the draft Mornington Coastal Management Plan, which is scheduled for completion in September 2012.</p>			
Pursuing sustainable resource use	Commencement of Corporate Water Conservation Project	Monthly Report	Commencement by 30 June 2012

Key Strategic Activity	Performance Measure	How Data is reported	Performance Target
<p>Achieved</p> <p>Corporate Water Conservation Program – commenced and a number of projects completed (upgrading public toilets, integrated leak detection). This is an on-going annual program to retrofit the Shire’s highest water use facilities.</p>			
<p><b>Creating safe, healthy and engaged communities</b></p>			
Fostering a culturally enriched community	Adoption of Arts and Culture Strategy	Report to Council	Adoption by 30 April 2012
<p>In progress</p> <p>Following presentation of the revised draft Arts and Culture Strategy to Council on 12 June, 2012 it was resolved to place the Strategy on public exhibition for an eight week period, to conclude on 7 August, 2012.</p> <p>The outcome of the community consultation process, proposals for further revisions to the Strategy and recommendations for adoption of the Strategy will be presented to Council on 10 September, 2012</p>			
Optimising Health and Wellbeing for all ages	Adoption of the Positive Aging Strategy	Report to Council	Adoption by 30 June 2012
<p>In progress</p> <p>The draft Positive Ageing Strategy developed in close consultation with PACE (Peninsula Advisory Committee for Elders) and the community is scheduled for reporting to Council early 2012/13.</p>			
<p>Optimising the accessibility and use of community facilities</p>			
Commencement of Rosebud West Community Centre	Council Minutes	Adoption of tender by 31 December 2011	
<p>Achieved</p> <p>The Hub at Eastbourne (Rosebud West Community Centre) has been constructed and operating with the official opening on 25th May 2012.</p>			
<p>Supporting an active, connected and informed community</p>			
Adoption of Community Engagement Policy	Report to Council	Adoption by 30 June 2012	
<p>In progress</p> <p>This project is complete and will now be considered by Council for formal adoption.</p>			
<p>Making communities safe</p>			
Adoption of Foreshore Camping Fire Strategy	Approval by responsible authority	Approval by 30 June 2012	

Key Strategic Activity	Performance Measure	How Data is reported	Performance Target
<p>In progress</p> <p>A detailed strategy has been developed for the Rosebud, Rye and Sorrento camping precincts.</p> <p>The strategy assesses current practices and provides a range of new control measures to be introduced to ensure safe and enjoyable holidays for the community.</p> <p>The next stage is for the strategy to be approved by the Municipal Fire Management and Fire Planning Committee (20 August, 2012).</p> <p>The Strategy will be brought to Council for approval, followed by final approval by the Country Fire Authority.</p> <p>The Foreshore camping's emergency management plan has also been reviewed and updated as part of the process.</p> <p>It is anticipated that the Fire Strategy will be approved in time for the start of the summer camping season.</p>			
<b>Supporting a sustainable Peninsula economy</b>			
Facilitating a prosperous rural economy	Contribution to Bunyip Food Belt recycled water project	Monthly Report	Contribution by 30 June 2012
<p>Achieved</p> <p>The feasibility stage of the project has been completed. Advocacy for a funding subsidy to construct the project has commenced through on-going advocacy with State and Federal governments.</p>			
Marketing the Peninsula as a tourism destination	Commencement of project 'Mornington Peninsula Branded produce' Project.	Monthly Report	Commencement by 31 December 2011
<p>In progress</p> <p>The Mornington Peninsula Branded Produce has begun and is 35% complete. A tender brief was developed in conjunction with a broad based steering committee, a consultant appointed and the background research analysis phase has been completed.</p> <p>A draft position paper has just been developed and will be workshopped with key stakeholders before coming back to Council for consideration. The project will be completed next financial year</p>			
Encouraging a resilient Peninsula economy	Continued implementation of 2009-2014 Economic Strategy	Annual Report	Completion by 30 June 2012

Key Strategic Activity	Performance Measure	How Data is reported	Performance Target
<p>Achieved</p> <p>The 2009-14 Economic Sustainability Strategy has provided strategic directions for the Business Development and Tourism Teams of the Economic Development Unit.</p> <p>Restructuring of the regional tourism board, supporting the Marine Sector Alliance, supporting Chambers of commerce with renewal of Special Charge Schemes and other projects are all progressing well.</p> <p>Many of these projects are of a lengthy duration and require ongoing support.</p>			
<b>Being responsible, accountable and forward thinking</b>			
Delivering quality service	Implement 'Performance manager' software	Monthly Report	Completion by 30 June 2012
<p>In Progress</p> <p>This project is nearing completion. An opportunity to enhance the overall outcomes of the initiative was identified during 2011/12 which resulted in an adjustment of the timeframe for completion.</p> <p>It is now expected that implementation of the software will be complete by end 2012/13.</p>			
Building a competent and healthy workplace	Annual report on Occupational Health and Safety	Report within Monthly Report	Completion by 30 June 2012
<p>Achieved</p> <p>The year saw the first steps towards formalising the Shire's OHS Management system referenced to an external standard, with the publication of a document that lists six auditable groupings.</p> <p>The work entailed bringing together all of the OHS initiatives at the Shire over the past three years into a formal structured management system. The work will continue over the next two years with the aim of aligning the Shire with the Australian Standard: AS/NZ 4801 – Occupational Health and Management Systems.</p> <p>During the year OHS training for staff continued, with training aimed at addressing the most common risks in the workplace.</p> <p>In 2012/13 the focus on OHS training will increase even further with the publication of an OHS training needs analysis which will lead to the improvement in core OHS competencies for all staff.</p>			
Demonstrating good corporate and democratic operations	Completion of Electoral review	Report to Council	Adoption by 30 June 2012

Key Strategic Activity	Performance Measure	How Data is reported	Performance Target
<p>Achieved</p> <p>The Victorian Electoral Commission completed the electoral review of the Mornington Peninsula Shire by releasing its report to the Minister for Local Government on 11 January 2012.</p> <p>The review recommended that the Shire be divided into six wards with a mix of multi-member wards and single member wards.</p> <p>The Minister for Local Government adopted the recommendations. The results of the review were provided in a report to the Council Meeting held on 30 January 2012.</p>			
Engaging with the community	Implementation of new Shire web site	Web site implemented	Implementation by 30 June 2012
<p>In progress</p> <p>The redevelopment of the Shire website is now 50% complete and is expected to be launched to the public in January 2013.</p> <p>A preferred developer has now been appointed, design and mainframes have been developed and existing content is currently being adapted for migration to the new site in December 2012.</p>			
Sustainably managing our finances	Victorian Auditor General's assessment of financial sustainability	Victorian Auditor-General Report to Parliament	Council Overall Rating = Low Risk
<p>Achieved</p> <p>Auditor General confirmed the Shire's financial sustainability as 'low risk', the best outcome a Council can achieve. Reported to Audit Committee 15th February 2012</p>			

# Council Approval of the Performance Statement

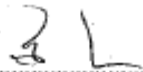
In our opinion the accompanying performance statement of Mornington Peninsula Shire Council in respect of the 2011/2012 financial year is presented fairly in accordance with the Local Government Act 1989.

The statement outlines the key strategic activities and performance targets and measures specified under section 127 in respect of that year as described in Council's adopted budget and describes the extent to which the key strategic activities were met in that year having regard to those targets and measures.


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

On 3rd September 2012 we have been authorised by the Council to certify the performance statement in its final form.

  
.....Councillor  
Cr Frank Martin

  
.....Councillor  
Cr Graham Pittock

Date: 10/9/2012

  
.....Chief Executive Officer  
Dr Michael Kennedy OAM

Date: 10/9/2012

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Mornington Peninsula Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2012 of the Mornington Peninsula Shire Council which comprises the statement, the related notes and the Council approval of the performance statement has been audited.

#### *The Councillors' Responsibility for the Performance Statement*

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

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

## Independent Auditor's Report (continued)


### *Auditor's Opinion*

In my opinion, the performance statement of the Mornington Peninsula Shire Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

### *Matters Relating to the Electronic Publication of the Audited Performance Statement*

This auditor's report relates to the performance statement of the Mornington Peninsula Shire Council for the year ended 30 June 2012 included both in the Mornington Peninsula Shire Council's annual report and on the website. The Councillors of the Mornington Peninsula Shire Council are responsible for the integrity of the Mornington Peninsula Shire Council's website. I have not been engaged to report on the integrity of the Mornington Peninsula Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE  
14 September 2012

  
D D R Pearson  
Auditor-General