



► Focusing on Our Community

CITY OF STONNINGTON ANNUAL REPORT 2011/12



Focusing on delivering high quality services, facilities and programs that meet the needs of our diverse community

OUR VISION

Stonnington will be a place of community, individuality and business where an environment is created that fosters the hopes, wellbeing and aspirations of all people.

The Environment

Valuing the sustainability of the natural environment (water consumption, climate change, biodiversity, recycling, waste reduction and renewable energy) and the link between environment and the health and wellbeing of the community.

Liveability

Valuing good urban design that maintains and enhances a quality lifestyle through the effective management of public open space including footpaths, walking tracks, parks, recreational facilities, access to dining and retail opportunities, and access to parking.

Amenity/Character of the Area

Valuing the balance between the amenity and character of the area. This includes the mix of innovative developments, heritage buildings and their protection, and effective management of open space.

Being Connected

Valuing the importance of establishing and maintaining good social relationships, actively participating in the community and having a sense of belonging.

Access to Services and Facilities

Valuing the right of people who live, work or visit in Stonnington to access the services and facilities they need to support their health and wellbeing.

Our City

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Environment page 10

Stonnington will be a responsible environment manager through innovation, leadership, quality delivery and accountability.



Community page 18

Stonnington will be a city where all people can be happy, healthy and safe and have the opportunity to feel part of and contribute to the community.



Liveability page 28

Stonnington will be the most desirable place to live, work and visit in Melbourne.



Prosperity page 36

Stonnington will be a prosperous community and a premier tourist and retail destination with thriving local businesses and an entrepreneurial spirit.



Council Operations page 43

Stonnington is committed to good governance through transparent processes, accessible services, accountability, strong leadership, effective management of resources, advocacy, and responsiveness to current and future community needs.



Financials page 83



	BUDGET ACTIVITY	PERCENTAGE ACHIEVED	COMMENT	PAGE	
Environment	Implement and publicise actions to achieve Stonnington’s target to reduce greenhouse gas emissions by 30 per cent by 2020 as compared to 2005 levels.	100%	The greenhouse gas emissions from Stonnington’s street lighting in 2011/12 have decreased by 28% since 2004/05 levels. Between 2010/11 and 2011/12 Council upgraded 760 streetlights to energy efficient tubes and purchased 20% accredited Greenpower for street lighting electricity.	13	
	Continue to facilitate the Stonnington Green Schools' Network to achieve its sustainability goals.	100%	Over 250 students from 10 Stonnington schools planted trees in the Urban Forest in Malvern East and Muswell Bend in Glen Iris on National Schools Tree Day 2011. Council completed the Biodiversity Beyond Boundaries program with Armadale Primary School, with improvement of an area of Glen Iris Wetlands.	15	
	Continue to improve the energy efficiency of Council's buildings through energy saving building alterations, installation of extra thermal insulation and replacement of inefficient plant and equipment.	100%	Energy efficiency improvements were implemented at Como Park Pavilion and for Phoenix Park Community Centre, the Animal Pound, TH King Pavilion, Sheridan Pavilion and Prahran RSL. Thermal insulation was installed at Malvern Library, Prahran RSL and Malvern Town Hall Offices.	12 & 14	
	Incorporate Water Sensitive Urban Design principles into Council's design and construction practices to reduce the environmental impacts of urbanisation in terms of the potential pollution threat to natural waterways.	90%	Water Sensitive Urban Design principles were incorporated into the Yarra River Biodiversity Project. Bioretention tree pits were installed as part of the Glenferrie Road streetscape improvements, to prevent pollution from entering waterways.	16	
Community	Continue building renewal and upgrades to Council's facilities and buildings, including the redevelopment of Phoenix Park Community Centre and sports pavilions.	100%	Redevelopment of Phoenix Park Community Centre, Stonnington Animal Pound and Como Park Pavilion were undertaken.	21	
	Maintain a variety of avenues for community engagement and participation in decision-making through the implementation of a consultation website tool.	100%	The ‘Connect with Us’ community consultation portal hosted a range of consultation projects with topics including sustainable transport, business and safety. Projects have included a mix of forums, polls, links to surveys and online forms. Approximately 60 people have registered as forum users.	26	
	Provide high quality and innovative library information services to the whole community.	100%	Many free events and activities were provided for adults, youth and children (including storytelling for adults, book talks and holiday programs). There were 593,360 visits to libraries and over 1 million items loaned over the past year.	19 & 34	
	Provide accessible communications through print, website and electronic media.	100%	Accessible information is provided online, through production of the bi-monthly <i>In Stonnington</i> magazine (and audio CDs), via a range of publications promoting activities and events, and via media releases and publicity in local and metropolitan media.	24	
Liveability	Program a diverse range of art and cultural activities and events at Chapel Off Chapel.	100%	Chapel Off Chapel continued to program a range of events which reflects the diversity of the City of Stonnington – last quarter saw Cabaret, Dance, Magic, Circus, Jazz, Folk/Pop and Drama Masterclasses.	33	
	Promote and market the unique experiences and character of key retail shopping precincts.	100%	The ‘Discover Your Own Backyard’ campaign was delivered including the production of coffee culture video and advertising, promoting Stonnington.	30	
	Deliver Council’s events and festivals in local parks and Stonnington venues.	100%	The Stonnington events program was delivered successfully including two new events – Swingin’ Saturday and Arts Burst.	33	
	Implement Council’s Graffiti Eradication Policy to further deliver effective eradication services, ongoing education of school aged children and support to the Stonnington Police in providing proper enforcement.	100%	The Graffiti Eradication Policy was implemented, with a Reference Group established. A partnership with the Department of Justice is underway. A new Graffiti eradication contract commenced with UMS.	31	
Prosperity	Work with late night operators and partners of the Stonnington Liquor Accord to improve late night amenity through the implementation of the Action Plan for the Chapel Street Precinct.	100%	Stonnington won a National Award for Excellence in Alcohol Management in 2012 recognising the actions Stonnington has made to reduce alcohol-related harm through changes to its Planning Scheme and through partnerships with the Stonnington Liquor Accord, Police, businesses, health agencies and government.	39 & 30	
	Provide and promote business education workshops and seminars on topics relevant to the business community.	100%	Attendance increased with 1,600 people attending business education events.	37 & 38	
	Build on the success of Stonnington Jazz and other events with a focus on visitor markets beyond Stonnington.	100%	Extensive media coverage, social media promotion and print advertising was achieved, drawing visitors from both within and beyond Stonnington. Stonnington Jazz was an outstanding success and a hospitality program involving local restaurants further leveraged the event.	39	
	Partner with L’Oreal Melbourne Fashion Festival and leverage additional opportunities.	100%	Stonnington partnered with the L’Oreal Melbourne Fashion Festival and promoted local fashion in our business precincts.	40	
Other	Continue to develop and implement programs to ensure that infrastructure assets are managed and maintained in a condition which meets current service requirements and the future needs of the community.	95%	The implementation of Council's new Asset Management System is underway and this will strengthen linkages with the long-term financial plan.	29, 76 & 83	
	Proactively continue with monitoring the risk management practices, policies and procedures across all Council Divisions.	100%	The Risk Management Policy was reviewed and updated.	67	
	Undertake the biannual revaluation of properties with the effective date 1 January 2012.	100%	The biannual revaluation of properties was completed within the legislative timeframe together with the revaluation of Council properties for insurance purposes.	55	
Performance Target	Average rates and charges per assessment	ACTUAL RESULT \$1,369	BUDGET \$1,420	A growth in the number of assessments in 2011/12 meant average rates and charges per assessment were less than budgeted.	83
	Rates and charges as a percentage of Total Recurrent Revenue	56.36%	61.6%	Council's reliance on rates and charges to fund operational and capital expenditure was slightly below budget mainly due to a greater amount of open space contribution from developers, favourable traffic and parking income, and also increased usage of Council’s services. The level of reliance on rates and charges remains at a relatively high level.	83
	Percentage of rates and charges outstanding at 30 June 2012	2.30%	1.94%	Council’s strong collection procedure and policy is working effectively, evidenced by the low level of unpaid rates and charges debt.	83
	Working Capital / Liquidity Ratio (times)	1.84	1.81	Council’s ability to meet short-term financial commitments is strong. For every dollar of current liability, Council has \$1.84 in current assets.	83
	2011/12 Capital Expenditure	\$29.078m	\$33.745m	Council's capital expenditure program was entirely internally funded.	83

ABOUT THIS ANNUAL REPORT

The City of Stonnington's Annual Report provides a thorough review of Council services, activities and business over the past financial year.

This Annual Report is a key reporting tool used to monitor the City of Stonnington's performance in 2011/12 in line with key objectives of the Council Plan 2009–13 and Budget 2011/12. The report also explains the internal processes that provide us with the capacity to deliver high quality and responsive services to the community.

How to use this Annual Report

This report is divided into seven sections:

1. Snapshot of Our Performance
2. Environment
3. Community
4. Liveability
5. Prosperity
6. Council Operations
7. Financials

The sections are colour coded throughout the document to enable easy reference. It is recommended you refer to the contents page at the front of this Report and index on page 163.

A Snapshot of Our Performance folds out from inside the front cover and includes key achievements and challenges for 2011/12 that have been measured against set objectives.

The main body of the report details achievements and challenges for 2011/12 against Council's four key objectives:

- **Environment:** Stonnington will be a responsible environment manager through innovation, leadership, quality delivery and accountability.
- **Community:** Stonnington will be a city where all people can be happy, healthy and safe and have the opportunity to feel part of and contribute to the community.
- **Liveability:** Stonnington will be the most desirable place to live, work and visit in Melbourne.
- **Prosperity:** Stonnington will be a prosperous community and a premier tourist and retail destination with thriving local businesses and an entrepreneurial spirit.

The Annual Report also includes information on future projects and accompanying statistical information demonstrating Council's performance over time.

The Council Operations section covers areas integral to Stonnington, providing a high level of service and transparency.

The Financials section includes detailed statements which fulfil Council's reporting requirements. For an explanation on the financial statements refer to the Understanding the Financials section on page 87.



COUNCIL

Council's Role In the Community

The *Victorian Constitution Act 1975*, Section 64A(1) provides for "a system of local government consisting of democratically elected Councils having the function and powers the Parliament considers necessary to ensure the peace, order and good government of each municipal district."

A "local community" is defined to include:

- People who live in the municipal district; and
- People and bodies who are ratepayers; and
- People and bodies who conduct activities in the municipal district.

The role of a Council is defined in the *Local Government Act 1989*, which formalises a Council's legal status, purpose and objectives, including the following:

- Promoting social, economic and environmental viability and sustainability;
- Ensuring resources are used efficiently and effectively and that Best Value principles are met;

- Improving the overall quality of life of people;
- Promoting appropriate business and employment opportunities;
- Ensuring equitable access to services and facilities;
- Ensuring equitable imposition of rates and charges; and
- Ensuring transparent and accountable decision-making.

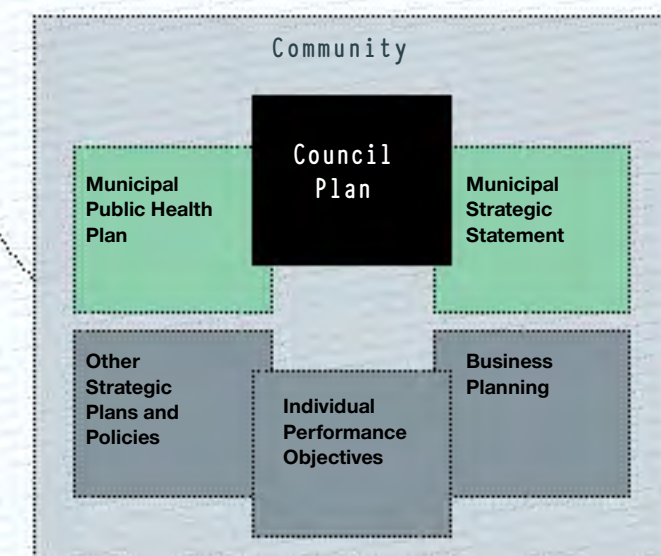
Council is committed to working in partnership with key stakeholders, residents and businesses to continuously review our Local Laws, Council policies and meeting procedures to promote community consultation, advocate community needs to third parties and provide strong democratic leadership. The City of Stonnington is dedicated to providing services that are responsive and meet the needs of the community.

For more information on how we deliver our services to the community see the Council Operations section of this Annual Report from page 43.

STRATEGIC PLANNING FRAMEWORK

The Annual Report illustrates Stonnington's capacity to deliver outcomes that meet the community's needs and aspirations, and reflects our performance against strategic objectives and targets, in line with the Council Plan.

FIGURE 1.1 Council's Strategic Planning Framework



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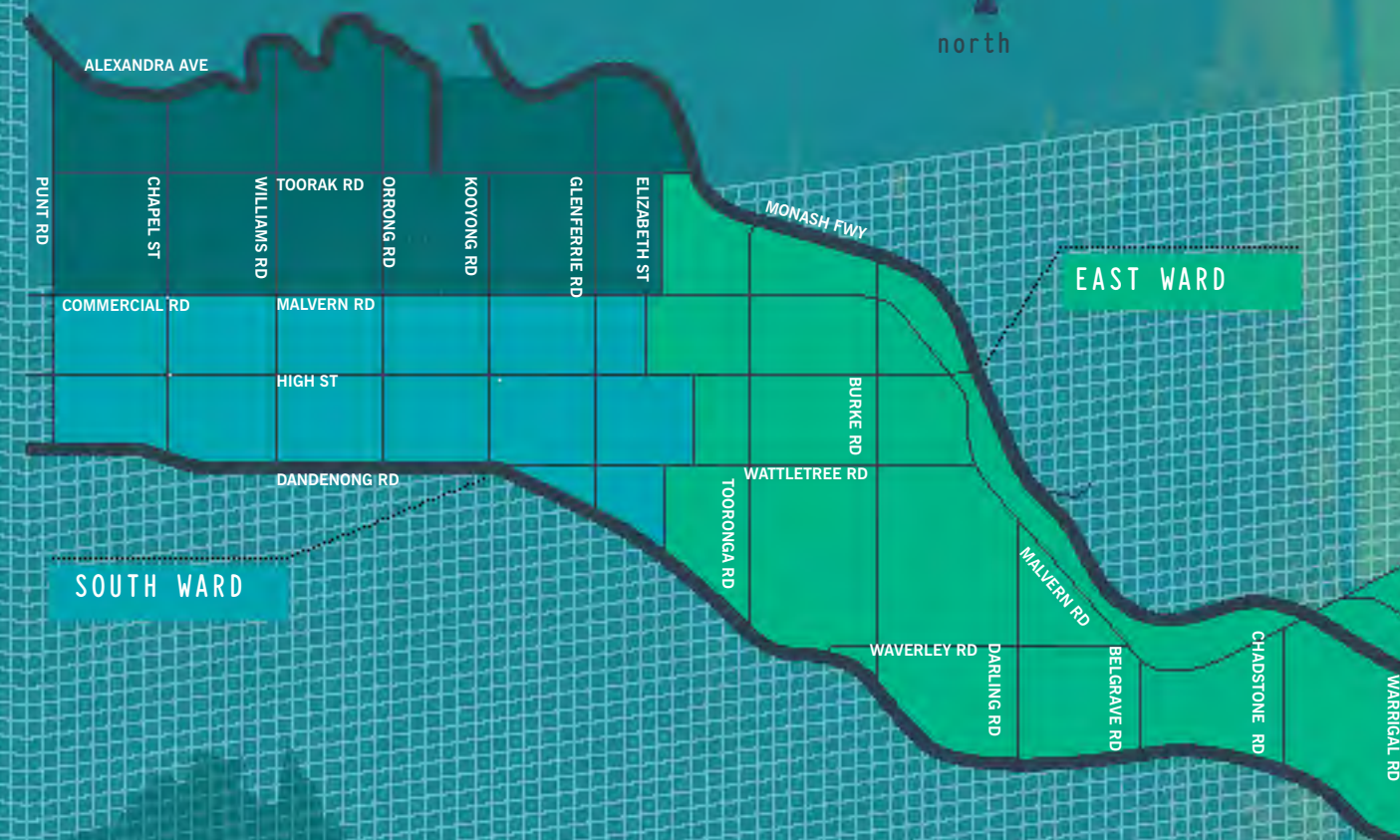
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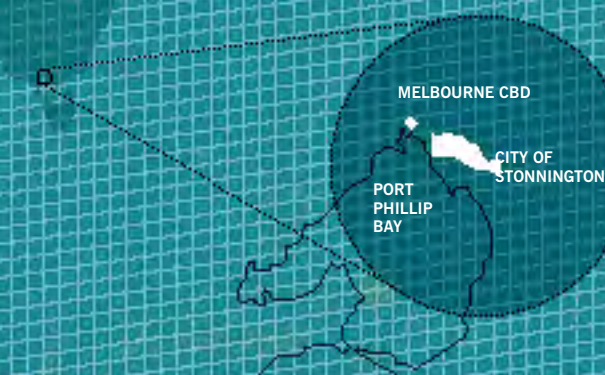
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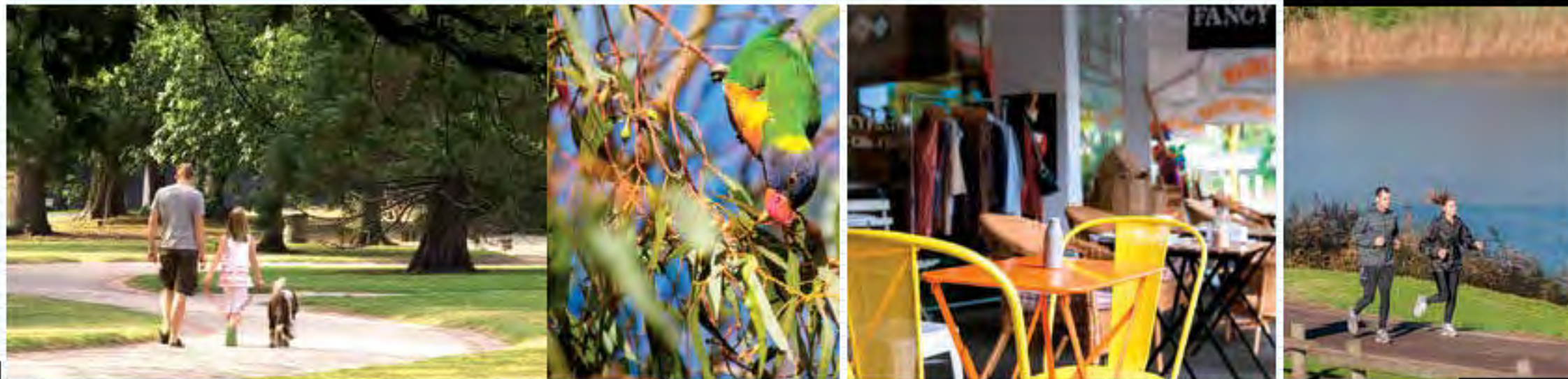
NORTH WARD



SOUTH WARD



OUR CITY



The City of Stonnington is located in Melbourne's inner south-east, alongside the Yarra River, covering an area of 25.62 square kilometres. The City takes in the suburbs of Prahran, Windsor (part), South Yarra (part), Toorak, Armadale, Malvern, Malvern East, Kooyong and Glen Iris (part).

The City is primarily a residential area, with some commercial, industrial, office and institutional land uses. It is well known for its shopping and lifestyle precincts, parks and gardens, leafy streets and historical architecture.

Our Community

The estimated resident population of the City of Stonnington in 2012 is 101,192. It is anticipated that the municipality will experience a population growth rate of approximately 9% over the next 10 years.

Stonnington has a relatively young population with 31% of the population aged 20 to 34 years and 49% of the population younger than 35 years.

Of the families in Stonnington 39.1% are couple families with children, 46.6% couple families without children and 10.8% one parent families. Of all households, 56.4% are family households (couples either with or without dependents), 33.7% are single person households and 9.9% are group households.

Stonnington has a culturally and economically diverse population. The housing stock ranges from some of Melbourne's finest mansions to large blocks of public housing, an indication of the community's contrasting lifestyles, aspirations and expectations.

The top five non-English languages are Greek, Mandarin, Cantonese, Italian and Hindi. Twenty nine per cent of the community was born overseas and the top five nations of origin are England, India, China, New Zealand and Greece. There are numerous culturally and linguistically diverse (CALD) community groups supported by Council,

including groups for Greek women and senior citizens, Chinese women and senior citizens, Italian senior citizens, Russian senior citizens, Bosnian people, Polish senior citizens, Korean senior citizens, Arabic-speaking women, Montenegrans, Western Thrace Turkish people and Latin American people.

People with a disability are part of every demographic in our community. It is estimated that there are nearly 20,000 Stonnington residents with a disability. According to the 2006 Census, 3016 Stonnington residents have a disability requiring assistance with core activities and almost one in 10 Stonnington residents acts in the role of unpaid carer for a person with a disability.

More than half (53.7%) of private dwellings are owned outright or with a mortgage; however 43% of dwellings are rented.

The level of vehicle ownership and usage by the Stonnington community is lower than the Melbourne average. The availability of a range of public transport options in the municipality coupled with high-density housing and limited parking in the inner suburbs may influence the patterns of commuting.

Stonnington is home to 15,734 businesses, including 3500-plus home-based businesses.

Our History

Stonnington was formed in June 1994 through the amalgamation of the Cities of Malvern and Prahran. Stonnington takes its name from a historically significant mansion in the area, which was named after Stonington in Connecticut, USA.

Stonnington is situated on the traditional land of the Boon Wurrung and Wurundjeri people. The Boon Wurrung and Woiwurrung (clan of the Wurundjeri) people continued to live along the Yarra River as European settlement expanded beyond the centre of the Port Phillip district (Melbourne) in the 1800s.

As part of the expanding development of the area, the first Prahran Market was established in 1864. Originally known as Fitzroy Road, Chapel Street was named in 1852 when the first chapel was built. The first commercial activity along Chapel Street was established in the late 1830s, making it one of the oldest shopping strips in Melbourne.

Local government has operated in the area for about 155 years. The first municipal election was held in Prahran in 1856 and the Prahran Town Hall was opened in 1861. Planning for the Malvern Town Hall started in 1867, with the Malvern Council holding its first meeting there in 1871.



MAYOR'S MESSAGE

I am pleased to present the 2011/12 Annual Report, which highlights the performance of the City of Stonnington over the past year in line with the Council Plan objectives, strategies and targets.

Stonnington delivered a robust \$29.1 million capital works program, including a number of key projects:

- The \$2.5m redevelopment of the Phoenix Park Community Centre including room reconfiguration, a new commercial kitchen (which will enable a centre-based meals program), upgraded bathroom amenities, a lift, painting and floor coverings to provide a fantastic facility for a variety of activities and community uses.
- The completion of Stage One of works on the Yarra River Biodiversity Project at Grange Road including the construction of an ephemeral wetland and improving the environment for local wildlife and enhancing water quality.
- The \$1.2m redevelopment of the Animal Pound providing increased accommodation for cats and improving the space for members of the public, volunteers and staff.
- The upgrade of Como Park Pavilion including change rooms, storage rooms, amenities, a new ramp and rainwater tanks.
- The preparation of Surrey Road Park for landscape works.
- Playground upgrades at Princes Gardens and Bailey Avenue Reserve.

Council has undertaken strong advocacy during the year on behalf of the community (see page 56) resulting in significant outcomes.

Stonnington developed an Amendment to the Planning Scheme covering saturation of licensed premises in the Chapel Street entertainment precinct to address community concern about alcohol-fuelled anti-social behaviour. The Amendment was put forward to the State Government and following extensive advocacy, the Minister for Planning approved the Amendment in January 2012. This meant mandatory planning controls were put in place to permanently cap the number of late-night venues in Chapel Street with a capacity of more than 200 which operate after 1am.

During the year, Stonnington has worked to protect our street trees from extensive pruning due to the electrical line safety regulations. Council continues to work with the MAV on this matter to protect the amenity of trees in the vicinity of electrical lines and achieve a practical and sensible outcome.

Council has listened to and represented the community in relation to the proposed 590 Orrong Road development. An amendment to the Planning Scheme for 590 Orrong Road was prepared and exhibited in close consultation with all stakeholders to try to achieve permanent planning controls that would ensure an appropriate development and balanced outcome on this major strategic development site. Advocacy on this issue continues.

Stonnington has also worked to improve planning outcomes across the City, promoting mandatory height limits, advocating for appropriate urban design outcomes and actively encouraging the creation and preservation of open space. Stonnington has continued to defend local areas from inappropriate developments at VCAT. Advocacy was also undertaken in relation to a number of community concerns around the proposal for the \$500m expansion of Chadstone Shopping Centre (including traffic, parking management, public transport, urban design and curfew).

Council continued to deliver a range of high quality services, activities and events through the libraries, 'Grow With Us' program, and events calendar, ranging from Stonnington Jazz, Pets in the Park, Spring into Gardening, Stonnington Spring Fashion Runway, Carols, Symphony Under the Stars and Flavours cultural festival.

This has been a very rewarding year working with my fellow Councillors, Council staff and the community.

Cr John Chandler
Mayor

CEO'S MESSAGE



Stonnington further enhanced its focus on customer service this year, reflecting Stonnington's ongoing commitment to continuous improvement in service delivery and responsiveness to community needs, both now and into the future. A new Customer Service Charter was adopted by Council in June 2012, which outlines the standards of service delivery across all areas.

Stonnington achieved the highest overall satisfaction results in the Local Government Community Satisfaction Survey for 2012, with a score of 68 for overall performance. This is significantly higher than the State-wide average of 60 and two points higher than the average score of 66 for the Inner Melbourne Metropolitan Group of councils. Stonnington also achieved 76 for Customer Service (higher than the State average of 71), 60 for Consultation (higher than the State average of 57) and 60 for Advocacy (higher than the State average of 55).

Stonnington retained a strong financial position in 2011/12, demonstrating prudent fiscal management despite challenges presented by a superannuation shortfall affecting all councils across the State, and increasing cost pressures including waste disposal, utility charges and carbon pricing.

The operating surplus is one of the major sources of funds for the annual capital works program and this year's surplus of \$6.1 million places Stonnington in a reasonable position for the year ahead. This was used to partly fund capital works and operating projects.

Council delivered a capital works program exceeding \$29.1 million, which was funded internally, without undertaking any new borrowings.

Council also continued to meet its scheduled debt reduction target. As at 30 June 2012, borrowings were reduced to only \$2.7 million and are on track to be fully repaid by 2016/17.

Stonnington continued to undertake advocacy on a range of issues on behalf of the community, including mandatory planning controls in the Chapel Street entertainment precinct to address the saturation of licensed premises and enhance safety, which won a National Award for Excellence in Alcohol Management in the 2012 National Awards for

Local Government. Advocacy has also been undertaken with a focus on appropriate planning and urban design outcomes (including the 590 Orrong Road site and Chadstone Shopping Centre expansion proposals, as well as a number of planning matters represented at VCAT).

Sustainability continued to be a focus for Stonnington, across all areas of operations, with a number of achievements including 180 streetlights converted to energy-efficient globes – saving 68 tonnes of greenhouse gas emissions per year, a number of environmentally efficient upgrades at Council buildings to reduce energy and water use (through timers, insulation, glazing, solar and water tank installation), and use of rain gardens and drought tolerant grasses in outdoor areas and playing fields.

Stonnington continued the implementation of an Integrated Communications and Marketing Strategy during the year, which aims to improve communication and engagement with our community. A new consultation and engagement portal was launched providing more interactive opportunities for community engagement and participation on local projects and issues, and a mobile website and interactive mapping tool was launched, adding to the suite of website, publications, advertising and media communications available to keep the community informed and involved.

I would like to take this opportunity to recognise the efforts of staff who work tirelessly to ensure the community can enjoy the many outstanding services, facilities, programs and events that Stonnington provides.

I would also like to thank the Mayor and Councillors for their ongoing support throughout the year.

Warren Roberts
Chief Executive Officer

Environment

► CITY OF STONNINGTON

Stonnington will be a responsible environment manager through innovation, leadership, quality delivery and accountability.

Service Statistics

- 2,115,000 garbage bin collections
- 1,000,000 recycling collections
- 262,000 garden waste bin collections
- 41.8% of waste diverted from landfill
- 1127 tonnes of greenhouse gas emissions offset by Council's Green Fleet program
- 865 tonnes of greenhouse gas emissions saved through purchasing green power for street lighting
- 35,000 streetscape trees
- 180 streetlights converted to energy-efficient globes



► ENVIRONMENT

Innovative and leading practices in environmental sustainability

IMAGE (left): Spring Into Gardening

ENVIRONMENT

Achievements

Environmental
management
through leadership

STRATEGY: Support Council and the community to move towards sustainable energy options by leadership and the adoption of environmental design practices

Energy Saving Initiatives

ENERGY EFFICIENT UPGRADES AT COUNCIL BUILDINGS

Council provides a wide range of facilities to the residents of Stonnington such as aquatic centres, libraries, child care centres, sporting facilities, parks and gardens and entertainment venues. Council is responsible for meeting the costs and managing the energy use associated with providing these venues, as well as monitoring greenhouse gas emissions.

Council has completed an audit to determine its highest energy using sites and has adopted a five year program for energy efficiency improvements at Council facilities.

As part of an ongoing program to reduce energy costs, industrial lighting in Council's fleet management and sign writing workshops were replaced with florescent lights with intelligence systems that dim in response to increased natural light levels reducing electricity consumption by 27 per cent and reducing greenhouse gas emissions by 46 tonnes.

Lighting upgrades have also been completed at community facilities along with timer switches on hot water systems and air conditioners which will reduce greenhouse gas emissions by 64 tonnes.

GREEN STREET LIGHTING

Council's current street lighting upgrade program continued with \$100,000 spent this year to change 180 streetlights over to a more energy efficient T5 light fitting, providing a 67 per cent reduction in energy consumption of each light. This will reduce Council's electricity charges by approximately \$6,700 annually and provide a reduction in greenhouse gas emissions by approximately 68 tonnes per year.

Changes to the light fleet vehicle purchasing protocols ensures Council is purchasing vehicles that demonstrate low fuel consumption ratings or use alternative fuels such as LPG. This policy change is expected to reduce fuel purchase expenditure and reduce fuel emissions by 20 tonnes per year and at no additional capital cost.

ENERGY CONSUMED BY COUNCIL

Target: Work towards decreasing Council's greenhouse gas emissions by 20% by 2015 and 30% by 2020.

Results:

- Upgrades to lighting in Council's workshops reduced electricity consumption by 27 per cent and reduced greenhouse gas emissions by 46 tonnes.
- Upgrades to lighting and timers in community facilities reduced greenhouse gas emissions by 64 tonnes.
- Conversion of 180 streetlights to energy-efficient globes reduced Council's greenhouse gas emissions by approximately 68 tonnes.

Environmentally Sustainable Design

A new suite of Sustainable Design fact sheets has been jointly developed by the four inner city councils that make up the Inner Melbourne Action Plan (IMAP) Committee – Stonnington, Yarra, Port Phillip and Melbourne.

The fact sheets provide detailed advice on sustainable building design requirements that should be addressed during the early design process and when lodging a planning permit application. They have been developed to suit all project types and sizes so they are useful for home owners doing a small renovation and professional design teams working on large developments.

Individual fact sheets have been developed for each of the 10 Key Sustainable Building Categories in Councils' Sustainable Design Assessment in the Planning Process (SDAPP) program. The 10 Key Sustainable Building Categories are:

1. Indoor environment quality
2. Energy efficiency
3. Water efficiency
4. Stormwater management
5. Building materials
6. Urban ecology
7. Transport
8. Waste management
9. Innovation
10. Ongoing building and site management.



Environmental Initiatives

- A 100,000 litre rainwater harvesting system was installed at Phoenix Park Library.
- The air-conditioning system at Grosvenor Street Child Care Centre was replaced with a new energy efficient system.
- The hot water system at Prahran Aquatic Centre was replaced with a 6 star energy efficient hot water system.
- The glazing in the windows on the north facade of the Stonnington City Centre were upgraded to double glazing to reduce energy use.
- Thermal insulation was installed in the roof spaces at Como Pavilion, Malvern Library, Prahran RSL and the Stonnington City Centre to reduce energy use.
- Environmental initiatives including a rainwater harvesting system, a 6 star energy efficient hot water system, water efficient fixtures and thermal insulation were incorporated into the refurbishment of Como Park Pavilion.
- Environmental initiatives including a rainwater harvesting system, a 6 star energy efficient hot water system, water efficient fixtures, thermal insulation, energy efficient glazing, natural lighting and ventilation, and a 5KW photovoltaic solar panel electricity generating system were incorporated into the expansion of the Stonnington Animal Pound.

STRATEGY: Manage and strengthen the local biodiversity, and protect and increase the flora and fauna of the natural and riparian environment

Yarra River Biodiversity Project

The first stage of the Yarra River Biodiversity Project was completed during the year with more than \$1 million spent on increasing habitat connectivity, improving water quality and providing recreational and educational opportunities for the community to interact with Melbourne's landmark river.

Stage 1 works completed along the Yarra River at Grange Road and Punt Road, included the construction of a wetland system to treat stormwater run-off from the Toorak Village catchment. The wetlands remove sediment and filter pollutants from stormwater. Vegetation in the wetland also helps to treat the water prior to it being discharged and also provides habitat for bird, animal and fish species.

The bicycle path has been upgraded and realigned and a pedestrian boardwalk has been installed, which winds through the newly planted indigenous vegetation and will encourage native birds and wildlife to nest.



STRATEGY: Strengthen the community's focus on the environmental agenda by building upon innovative and leading practices through education and communication for all ages

Educating Our Community

Council held a wide range of environmental information sessions throughout 2011/12 to educate the community on sustainability.

The Spring Into Gardening event had an increased sustainability focus with guest speakers on gardening, information and giveaways, and roving entertainers informing the crowds about where to place their waste and recycling.

Council held a Sustainable Living Series with six environmental events on topics including: Keeping Chickens, Edible Gardens, Stonnington Depot Tours, Follow Your Recyclables Tour and Gardening in Small Spaces.

Based on findings from the 2011 Sustainable Living Series, Council developed a 2012 Calendar of Environmental Events to meet the interests of residents and to increase the range and number of environmental events available. The calendar offered one event per month, covering topics such as Green Cleaning, Cloth Nappies, Feeling Fruity in Your Garden and Keeping Chickens in Stonnington.

Appointment of a part-time Environmental Sustainable Design Officer will assist in the assessment and increased compliance of development proposals at the design stage.

Supporting Sustainability In Our Schools

NATIONAL SCHOOLS TREE DAY 2011

More than 6300 native plants and over 50 native species were planted in Stonnington as part of activities associated with National Tree Day 2011. Over 250 students from 10 of Stonnington's schools planted a range of species in areas of the Urban Forest, Malvern East and Muswell Bend, Glen Iris. Students of all ages were involved in the planting days where plants were added to natural environment areas. Staff from the City of Stonnington's Parks Services and Sustainable Environment Unit assisted the students and teachers with planting which also included biodiversity tours of these native areas. One group was lucky enough to spot a Tawny Frogmouth whilst on a tour of the Urban Forest.

STONNINGTON GREEN SCHOOLS NETWORK PROGRAM

The Stonnington Green Schools Network (SGSN) program offered a range of sustainable education opportunities and activities for staff and students in Stonnington schools. This included Staff Network meetings held quarterly at Stonnington schools; two Green Team Training Days for primary and secondary students; waste audits; Reduce, Reuse, Recycle sessions in schools; Follow Your Recyclables excursions; biodiversity sessions at the Urban Forest or Glen Iris Wetlands; and the Healthy Waterways Waterwatch Program.

BIODIVERSITY BEYOND BOUNDARIES

Council completed the Biodiversity Beyond Boundaries program with Armadale Primary School, which involved a follow up audit of their improvement of an area of Glen Iris Wetlands as part of the Biodiversity Module for their Resource Smart Accreditation. The biodiversity of this area showed a marked increase.

STRATEGY: Reinforce innovative waste management practices to continue to minimise municipal waste



STRATEGY: Use water conservation and drought management best practice principles to manage Council's natural assets in the public realm

Water Saving Initiatives

Three sportsgrounds were resurfaced with warm season grasses.

The capital works carried out on sportsgrounds included:

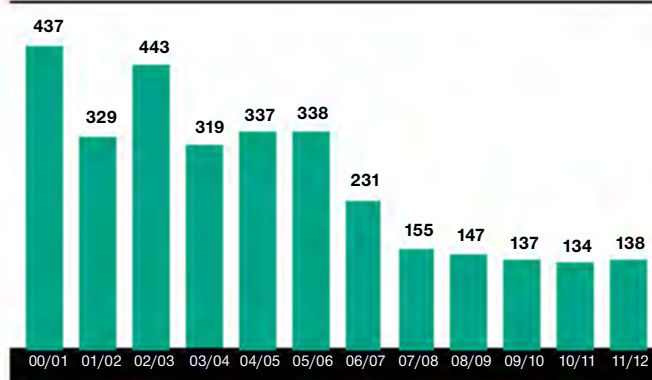
1. Orrong Oval: subsurface drainage, laser levelling and planting of Santa Ana Couch.
2. Kooyong Park, Peter Birrell sportsground: laser levelling and planting of Santa Ana Couch.
3. Kooyong Park, Peter Ferrie Oval: laser levelling and planting of Kikuyu grass.
4. Waverley Park Oval: construction of sub-surface drainage.

A desalination plant has been installed at Victoria Gardens, which allows irrigation of the site with saline borewater.

Drip irrigation has been installed at Victoria Gardens, Hedgeley Dene and Central Park.

Water sensitive urban design principles were incorporated into Council projects including a gross pollutant trap for the Yarra River Biodiversity Project and bio-retention tree pits were installed as part of the Glenferrie Road streetscape improvements.

City of Stonnington's annual corporate potable water consumption Portable water consumption (ML)



Waste and Recycling

Council continued implementing its Waste Management Strategy during the year, providing effective waste and recycling collection services as well as hard waste and greenwaste collection. Community education was undertaken through visits to schools, the Sustainable Living Series program, communications materials, and recycling tours. Stonnington was also involved in a State-wide campaign 'Get It Right on Bin Night' during the year.

Recycling initiatives included:

- Designated bins for recycling and waste at Stonnington events, which are audited after each event.
- A permanent light bulb recycling drop-off point at the waste transfer station.
- Mobile phone and battery drop-off points at the town halls and transfer stations, and other venues.

LESS WASTE SENT TO LANDFILL

Target: Increase diversion away from landfill by 2.5% by 2013 based on 2008 figures.

Results: In 2011/12 figures show a decrease in waste of 7.01% which exceeds the 2013 target of 2.5%

	Tonnes of Waste
Baseline 2008	23,474
Year 2011/12	21,829
Percentage variance	-7.01%
Target by 2013	2.50%
Result	On Target

INCREASED RECYCLING YIELD

Target: Increase in recycling yield by 2.5% by 2013 based on 2008 figures.

Results: The 2011/12 figures show an increase in recycling of 4.07% which exceeds the 2013 target of 2.5%

	Tonnes of Recycling
Baseline 2008	15,048
Year 2011/12	15,659
Percentage variance	4.07%
Target by 2013	2.50%
Result	On Target

Challenges

- ▶ Reducing energy and water use across Council's facilities to meet reduction targets, whilst increasing the refurbishment of facilities to meet growing community needs.

Looking Ahead

- ▶ Council will continue to implement the 5 year Energy Efficiency Program targeting our 13 highest energy usage sites and in 2012/13 \$600,000 will be dedicated to energy reduction initiatives across those sites.
- ▶ Yarra Biodiversity Project – Stage two is currently in design phase and will be constructed in the coming financial year along the Yarra River opposite Herring Island near Como Park North.

Community

Delivering high quality services and facilities to meet the current and future needs of our diverse community

CITY OF STONNINGTON

Stonnington will be a city where all people can be happy, healthy and safe and have the opportunity to feel part of and contribute to the community.

Service Statistics

- \$2.09 million of community grants
- 1,079,767 library items loaned
- 593,360 visits to Stonnington Libraries
- 561,159 visitors to aquatic facilities
- 387,385 hours of childcare through five childcare centres
- 72,335 hours of in-home support services (general home, personal and respite services)
- 29,141 hours of planned activity group and Adult Day Activity Support services
- 5,304 hours of assessment services
- 34,647 meals delivered through Meals on Wheels
- 1369 inspections of food premises
- 272 inspections of beauty industry premises
- 346 investigations under the Public Health and Wellbeing Act
- 176 inspections for Tobacco Act compliance



COMMUNITY

IMAGE (Above): Active Living Program
- Yoga in the Park.

COMMUNITY

Achievements

STRATEGY: Maintain the quality and enhance the use of our facilities, amenities and open space to encourage community participation and cater for the interests and needs of the whole community

Surrey Road Park

Extensive work was carried out during the year to prepare the Surrey Road site for the construction of a new park for the community.

The Surrey Road site is the former location of Council's Depot and excavation and soil remediation works have been carried out over the past year by a global engineering and environmental services company, to prepare the site for development. This project sees the transformation of part of the former Depot into a significant area of open space parkland that can be enjoyed by the whole community.

Following the design of a Master Plan, the park design will include extensive planting of native trees such as River Red Gums along the rock lined 'river bed', Lemon Scented Gums and Snow Gums dotted throughout the park, and a mix of

Wattles, red and pink flowering Flame trees and smaller Eucalyptus trees surrounding the grassed oval. Mass plantings of shrubs and ground covers will also contribute to the rich botanical quality within the park. All turf areas will be planted with warm season grasses which are well suited to Melbourne's weather.

The park will incorporate a range of other features including:

- **Sustainable planting:** Australian native and drought tolerant plants have been chosen that best suit the local climate and soil, and attract native birds and insects.
- **Water sensitive urban design elements:** These capture, treat and reuse stormwater on site to dramatically improve the quality and quantity of water entering our waterways.
- **Raingardens:** Designed to capture, filter and reduce the flow rate of stormwater from footpaths.
- **Recreation/Play areas:** The entire park has been designed as an attractive environment for play and recreation. The grassed area will provide a great opportunity for informal play and a range of decorative paving materials will provide an exciting experience as one moves through the varied spaces.
- **Amphitheatre:** A three tiered design uses recycled timber retaining walls that are positioned to take advantage of the natural slope of the park and to frame the grassed area on its western end. The amphitheatre will provide informal seating for those who wish to relax or view the activities going on in the park.



Phoenix Park Community Centre

The Phoenix Park Community Centre has been transformed through an extensive \$2.5 million redevelopment, to significantly improve the functionality of the centre for the community.

As part of the works, a new lift was installed, rooms were reconfigured to create more adaptable spaces for use, and a commercial kitchen was installed to enable a centre-based meals program.

Other improvements included new toilets, replacement of floor coverings, painting and acoustic treatment.

The new facilities will enable the community to make bookings to use the centre for a variety of activities and uses, such as learning, arts and craft, recreation, computing, social activities and other interests – it caters to people of all ages and abilities.

Council funded the project with support of \$150,000 from State Government and \$100,000 from Federal Government.

The new centre will be officially re-opened to the community in September 2012.

Pound Redevelopment

The \$1.2 million redevelopment of Council's Pound took place during the year. The extensive works involved increasing accommodation for cats from 50 to 110 places. This will enable Save-A-Dog Scheme to provide loving homes for more lost and abandoned cats. State-of-the-art cat condos were installed to reduce cross-infection and to accommodate cats and kittens together. The works included an outside area for cats to play in and be viewed for adoption, an improved reception area, and redesigned examination rooms, laundry room and staff rooms to enhance functionality.

Playgrounds

As part of Council's playground renewal program, the playgrounds at Princes Gardens and Bailey Avenue Reserve were transformed into exciting and engaging play spaces for children. At Princes Gardens, the 'adventure playground' design provides families with a great range of different play activities including a lava slide, cozy dome climber, spinner, climbing structure and swing. The playground at Bailey Avenue includes a great range of features including slides, a double swing with a toddlers' seat, climbing wall and tunnel.

Como Park Pavilion Redevelopment

Como Park Pavilion was redeveloped including the construction of a new ramp, a lift and unisex accessible public toilets; refurbishment of the change room facilities, showers and toilets; relocation and upgrade of the umpires' change room facilities; construction of two secure storage rooms; upgrade of the electricity, gas, water and sewer services; and installation of rainwater storage tanks for toilet flushing.

Building Upgrades

- The interior of the Central Park Maternal Child Health Centre was refurbished.
- Repainting of the following facilities was undertaken: The Hornbrook Child Care Centre, Malvern Library, Phoenix Park Library, Bert Healey Pavilion, Gardiner Park Pavilion, Lansbury Pavilion, Sir Robert Menzies Pavilion, Orrong Romanis Recreation Centre, Geoff Hickey Pavilion, Drysdale Street multi-storey Carpark, Elizabeth Street multi-storey car park, Former Prahran Fire Station Offices and Former Prahran Court House Offices.
- The interior of the Toorak/South Yarra Library was upgraded, the reception counter relocated and the window furnishings replaced.
- The children's bathrooms at Winter Street Occasional Child Care Centre were upgraded.
- The maintenance buildings in Argo Street Reserve, Hedgeley Dene Gardens, Como Park and Ardrie Park were upgraded.
- The kitchen and storeroom at Malvern Community Arts Centre was reconstructed.

STRATEGY: Continue to plan, deliver and improve the quality, accessibility and relevance of community services to ensure they meet the current and future needs of all demographic groups through all stages of life



Customer Service Commitment

Stonnington undertook a Customer Service Best Value Review during the year, which has resulted in the development of a new Customer Service Charter and focus on enhancing customer service outcomes across the organisation and with the community. The Customer Service Charter, which was adopted by Council in June 2012, focuses on ensuring high quality, responsive and accessible customer service at the Service Centres, on the phone, via email, out in the community and through services over the internet.

The overarching commitment outlined in the Charter is:

The City of Stonnington is committed to providing quality customer service.

We aim to achieve the highest levels of customer satisfaction by:

- Providing excellent standards of customer service in a professional manner;
- Listening and responding appropriately to customer needs in a timely manner;
- Treating customers courteously and with respect;
- Providing a helpful and friendly service experience;
- Ensuring that all our services are easy to access and inclusive;
- Providing accurate information;
- Sustaining a process of continuous improvement in service quality; and
- Ensuring privacy and confidentiality.

We will carry out this commitment around the considerations of fairness, equity, available resources, Council policy and legislation.

Other customer service improvements:

- A review and update of the information system database used by Service Centre staff was undertaken to enhance access to relevant information used to answer various customer enquiries.
- The Service Centre foyers have been improved with new seating, benches and a walled brochure display stand, which allows easy access to brochures and showcases information and current events.
- A Customer Service benchmarking survey was undertaken to identify areas to improve customer service to the Stonnington community.
- Council's website improvements included online interactive maps and enhanced online services, and the development of a mobile website to enable customers to view Council services and contact Council through a user-friendly, succinct mobile format.

Grow With Us

Council continued to provide a suite of innovative 'Grow With Us' programs, events, services and activities for children, families and young people in the City. This initiative includes partnerships and collaborations with a wide range of organisations including sporting clubs, schools and early years services. Grow with Us initiatives during the year ranged from parent information sessions and workshops; a broad range of free recreational programs for young people; and programs and sessions delivered at libraries, including study spaces and tips to help VCE students.

Services For Older People and People With a Disability

Council continued to provide services to frail aged clients, people with a disability and their carers.

Services are provided to support people to live independently within the community, whilst maintaining their safety and dignity. This includes assessing and helping to address health, wellbeing, social, medical and support needs – ranging from mobility to helping with daily aspects of life (e.g. dressing), through to transport and social needs. Council also helps people to link to other services through referrals, such as medical services, physiotherapy and counselling.

Stonnington conducted carers' forums to provide practical, professional advice and education to carers to assist them to maintain their own health and wellbeing while providing support for an aged person. Information was presented by a range of allied health professionals including physiotherapists, occupational therapists, podiatrists and dieticians.

RAINBOW TICK

The City of Stonnington's Aged Services Department was successfully selected to be audited under the Rainbow Tick pilot program and is the first local government service to be involved in the innovative pilot program.

The Rainbow Tick is an accreditation program developed by Gay and Lesbian Health Victoria, in partnership with Quality Improvement and Community Services Accreditation (QICSA) and with funding from the Victorian Department of Health, to determine the extent to which services meet the needs of gay, lesbian, bi-sexual, transgender and intersex (GLBTI) older residents in our community.

Council's Aged Services Department has been participating in the program to ensure its services are inclusive, friendly and accessible to older GLBTI clients and people seeking access to Council's services. Working with Gay and Lesbian Health Victoria, The {ALSO} Foundation, and the Australian Research Centre in Sex, Health and Society at La Trobe University, Aged Services has developed strategies to improve service provision, communication and consultation with the GLBTI community, as well as a number of professional development and education opportunities for Aged Services staff with an aim to increase awareness.

SENIORS EVENTS

The Seniors Festival program included a range of exciting social activities for local seniors, ranging from shopping days, to excursions, social activities and events.

Council held its annual 100 Reasons to Celebrate with the Mayor event in July, which recognises the significant milestone of people turning 100 years old in our community. Participants enjoyed morning tea with the Mayor, shared their life stories and were acknowledged for their contribution to the community.

DEMONSTRATED INITIATIVES THAT HAVE MAXIMISED POSITIVE SOCIAL AND HEALTH OUTCOMES

Target: Positive social outcomes and health outcomes identified.

Results: Positive social outcomes and health outcomes have been identified based on participation at Council and Council-supported activities and initiatives. These include: Grow with Us, seminars for parents of children and young adults, Diversity Week activities and events, Community events and activities through Aged Services social support programs and the Stonnington Seniors Festival.



ACCESSIBILITY

Council is committed to making its events and communications as accessible as possible and has taken the following steps to achieve this goal:

- Stonnington's website has been designed and is continually developed to meet the Level AA rating of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines 1.0 of accessibility.
- Stonnington makes all its publications available in alternative formats such as CD, large print, Plain English, or Braille, upon request.
- Stonnington accepts the Companion Card.
- Stonnington provides Auslan interpreters on request.
- Stonnington provides a hearing loop in the Council Chamber.
- Stonnington produces an audio version of In Stonnington every two months and our libraries have a range of audio books. You may request large print or audio publications by contacting Council on 8290 1333.
- Stonnington now uses recognised international access symbols in communications materials.
- Council held an event to celebrate International Year of People With a Disability in December 2011, working in partnership with local agencies and the community.
- Access Unlimited continued to develop inclusive opportunities for people with disabilities to access sport and recreation pursuits through working with sports clubs, associations and community groups in the City of Stonnington, as well as Glen Eira.

STRATEGY: Identify and action community safety initiatives that address real and perceived safety issues

Addressing Saturation of Licensed Premises

Stonnington Council developed an amendment to the Planning Scheme covering saturation of licensed premises in the Chapel Street entertainment precinct. The amendment responds to community concern about maintaining the amenity of the area.

The Minister for Planning approved the amendment in January 2012, which means mandatory planning controls to permanently cap the number of late-night venues in Chapel Street with a capacity of more than 200 which operate after 1am. This aims to reduce alcohol-fuelled anti-social behaviour.

Emergency Management

Stonnington continued to work in close partnership with emergency service agencies (State Emergency Services, Metropolitan Fire Brigade, Department of Human Services, Victoria Police, Ambulance Victoria, Red Cross) and local services (Inner South Community Health Service, New Hope Foundation and JEMP) to update and implement the Municipal Emergency Management Plan. The Plan was audited by the SES and was found to comply with the Emergency Management Guidelines and received the highest possible rating. The Certificate of Audit was issued on 7 November 2011.

A number of emergency exercises were run during the year and Council also prepared submissions and responded to State Government Plans in relation to emergency management.

Throughout the year, Stonnington implemented communications to enhance community preparedness for emergency events, such as severe weather, heat and flood warnings along with advice – linking to relevant agencies.

Council also developed a mapping interface as part of the Municipal Emergency Management Plan. In case of an emergency the GIS mapping application provides details of schools, childcare centres, kindergartens and aged care facilities within the vicinity to assist.

STRATEGY: Develop strategic alliances to provide coordinated responses to community needs

Supporting Our Community

More than 100 community groups in the City of Stonnington benefited from Council's 2011/12 Community Grants Program enabling them to provide high quality, responsive services to support the Stonnington community.

Council's Community Grants Program helps community groups to provide services and facilities that cannot be funded through Federal, State or private sources.

Organisations that benefit from the program provide community services that minimise social isolation, build community identity, and promote equality and wellbeing for all members of the Stonnington community. Community Grants help a broad range of organisations to provide a range of cultural, recreational, social and support services.

Some of the 2011/12 grants recipients included:

- Prahran Mission
- Stonnington Toy Library
- Malvern District Auskick
- Toorak Prahran Cricket Club
- Prahran Historical and Arts Society
- Malvern Historical Society
- Russian Senior Club
- Prahran Polish Elderly Citizens
- U3A Stonnington
- Rotary Club of Chadstone/East Malvern
- Prahran Community Learning Centre
- Stonnington Citizens for Reconciliation
- Stonnington Primary School
- Lighthouse Foundation
- 2nd Prahran Scout Group



More than \$300,000 in Arts and Cultural Sponsorships were also delivered for community events, programs, performances and workshops across a range of artistic genres.

DEVELOPED AND IMPLEMENTED THE MUNICIPAL PUBLIC HEALTH PLAN

Target: Annual review completed, incorporating service provider input.

Results: The second Municipal Public Health Plan Annual review was completed in 2012.

Quarterly reference group meetings were held.

Strong partnerships were maintained with primary health care providers and the following publications were produced:

- Family Violence Wallet Card (distribution).
- Revised Mental Health Services Guide.
- Revised Alcohol and Other Drugs wallet card and brochure.



STRATEGY: Improve the effectiveness of community engagement and participation to facilitate community involvement in decision-making

ENGAGING OUR COMMUNITY IN DECISION-MAKING

A range of consultation options were used in 2011/12 including the Stonnington Survey Group surveys, consultative committees for planning matters, community meetings, forums and submissions, and online polls and forum posts through Stonnington's new 'Connect With Us' consultation portal.

The Stonnington Survey Group is a collection of Stonnington households that take part in surveys quarterly each year. The surveys are about a number of different topics and the information gathered is used in the development of new plans and policies to set the direction of the municipality over the coming years. The Stonnington Survey Group was launched on 14 September 2005 and the membership has grown to over 400 households that represent a cross-section of the community.

Stonnington Survey Group surveys were undertaken on Chapel Street Precinct safety, local business, local government community satisfaction, footpath trading, waste, graffiti, and general community safety.

Other surveys included the Aged Services quarterly survey, Aged Services exit survey, Grow With Us survey and Environmental Health Unit Proprietor Satisfaction Survey.

Consultation took place on the following issues: 590 Orrong Road; Chadstone Shopping Centre Amendment; Footpath Trading and Awnings Policy; Sustainable Transport; Traffic Management and Streetscape Works.

A total of 79 planning consultative meetings were held throughout the year.

A total of six ward meetings were held during the year with Councillors and community members within their specific wards, to discuss local issues.

A number of street-based workshops with residents have been held to discuss traffic management issues.

ADVOCACY

Council advocated on behalf of the community to other levels of government on a range of key issues during the year including: Street tree pruning (electric line clearance); Sustainable street lighting; Yarra River Biodiversity Project; 590 Orrong Road; Saturation controls for licensed premises in Chapel Street.

DEMONSTRATED IMPROVEMENT IN COMMUNITY PARTICIPATION IN COUNCIL'S DECISION-MAKING PROCESS

Target: Range and timeliness of consultation used to elicit feedback and new initiatives.

Results: Consultation on a range of topics was undertaken in 2011/2012 through the Stonnington Survey Group surveys by Council departments, consultative committees for planning matters and community meetings and forums. Stonnington also launched a consultation website tool.



Challenges

- ▶ Meeting the growing needs of our ageing community.
- ▶ Ensuring open space for community and recreation use in light of an increase in development and density.
- ▶ Balancing the diverse needs of various stakeholders.
- ▶ Continuing to provide a range of high profile outdoor events in Stonnington parks for the community, despite unpredictable weather.

Looking Ahead

- ▶ Continuing to represent the needs of our community through advocacy to other levels of government.
- ▶ Further strengthening our focus on customer service excellence.
- ▶ Providing a range of high quality events for the community.
- ▶ Commencement of the \$2.7m redevelopment of the TH King Pavilion.
- ▶ Completion of the \$2m reconstruction of the Sheridan Pavilion.
- ▶ Implementation of the first stage of the Princes Gardens MasterPlan.
- ▶ Completion of the first and second stages of the redevelopment of Prahran RSL Hall, at a cost of \$1m.
- ▶ Completion of the \$0.6m redevelopment of the Sunnyside Kindergarten.

Continuing to
create an attractive,
vibrant, safe and
welcoming city

► LIVEABILITY

► CITY OF STONNINGTON



IMAGE (Above): Stonnington is a liveable city with a diverse mix of residential areas, high profile business precincts and quality parks and gardens, supported by a range of excellent services and facilities.

Liveability

Stonnington will be the most desirable place to live, work and visit in Melbourne.

Service Statistics

- 18 hours per day, 7 days per week events and performances at Chapel Off Chapel
- 68,000 rounds of golf at Malvern Valley Golf Course
- 256 km of roads maintained
- 368 km of drains maintained
- 524 km of footpaths maintained
- 10,724 dog and cat registrations
- 1600 planning permit applications/amendments processed
- 12 'local' planning scheme amendments approved
- 9,992 residential properties protected by Heritage Overlays
- 12,380 total properties protected by Heritage Overlays
- 5000 attended Pets in the Park
- 6000 people attended Spring Into Gardening
- 14,000 people attended three Christmas Carols concerts in Stonnington parks
- Over 11,000 attended the Jazz In the Gardens Series (program reduced from 4 to 3 concerts)
- New event Swingin' Saturday, attracted 800 people to Malvern Town Hall over two shows
- 3000 people attended a rain affected Musical Melodies in the Park
- 3500 people attended Symphony Under the Stars (featuring special guest artist Joe Camilleri)
- Estimated attendance at Stonnington Jazz events exceeded 13,000
- \$300,000 given through the Arts and Cultural Sponsorship Program

LIVEABILITY

Achievements

STRATEGY: Understand the uniqueness of Stonnington's shopping strips to promote their attraction to a diverse community

Discover Your Own Backyard Campaign

'Discover Your Own Backyard' was a campaign undertaken in partnership with Destination Melbourne to tap into the 'Visiting Friends and Relatives' market. The aim of the campaign was to keep the money spent by visiting friends and relatives in the local economy. The campaign involved production of a promotional video on the local coffee culture as well as a series of full page advertorials in local media highlighting the range of locally based experiences, events and activities available to residents and their visitors. The campaign was supported by several high profile local ambassadors who shared their favourite local attractions.

'What I Love About Stonnington' Wins Award

Stonnington won a Mainstreet Australia Metropolitan Local Government Award in 2012 for the 'What I Love About Stonnington' campaign, which promoted local business and tourism, encouraged people to rediscover what their local area has to offer and to share their secrets of what they love about Stonnington.



STRATEGY: Maintain and enhance the public realm to provide safe, accessible, useable, clean and attractive spaces and streetscapes

Award For Excellence In Alcohol Management

Stonnington won a National Award for Excellence in Alcohol Management in the 2012 National Awards for Local Government.

The award recognises the actions and achievements that Stonnington has made to reduce alcohol-related harm through changes to its Planning Scheme and through partnerships with Police, businesses, health agencies, government and the Stonnington Liquor Accord.

Stonnington developed an amendment to planning controls covering 'saturation' of licensed premises in Chapel Street, which limits new planning permits for late night licensed venues, to address community concerns about amenity, health and public safety. As a result there is a permanent cap on the number of late night venues in Chapel Street, with a capacity of more than 200 people which operate after 1am.

The work of the Stonnington Liquor Accord – a partnership between stakeholder groups that share a common goal for safe and well managed venues – has also been recognised as best practice.

Animal Management

Actions completed over the last year included:

- Community education through a Pets in the Park event and by promoting responsible pet ownership through media, brochures and community engagement
- Undertaking expansion works and improvements to the Pound, particularly in relation to cat accommodation
- Improving community safety through patrolling streets and reserves and providing information on responsible pet ownership
- Enhancing animal registration through patrolling and door knocks

Stonnington introduced a policy of compulsory de-sexing of cats and free registration of kittens under three months of age, effective 1 July 2012. Compulsory de-sexing of cats will help reduce the number of unwanted cats in our community.

Pets in the Park 2012 was another successful event for pet owners in Stonnington. Council provided discounted micro-chipping for pets reducing the fee to \$15 for residents on the day.

Stonnington committed \$1.2 million to the redevelopment of the pound to cater for an increase in the number of animals requiring shelter over time. The extended facility is now able to accommodate up to 60 dogs and 110 cats (including kittens).

Compliance

Council appointed an additional designated Local Laws Officer responsible for supporting Council's Footpath Trading and Awnings Policy and an additional Local Laws Officer to address amenity and waste management issues around Council's retail shopping precincts.

Stonnington Partnered with Victoria Police and Responsible Alcohol Victoria to address common issues around licensed premises.

Addressing Graffiti

Council established a Graffiti Reference Group, comprising of community representatives, Police, Department of Justice Graffiti Program Officers, Youth Services, Trader Groups, Council's Graffiti eradication contractor and Council Officers to support the implementation of Council's Graffiti Eradication Strategy.

Stonnington is also undertaking a targeted graffiti removal program in Stonnington in partnership with external contractors, trader groups and the Department of Justice for removal of graffiti in Stonnington by a team serving Corrections orders.

Chapel Street Safety Boosted With CCTV

The City of Stonnington received a funding contribution of \$330,000 from the State Government for the extension of the CCTV program in Chapel Street. The funding enables extended coverage of CCTV in the area from five to 10 cameras at key locations determined in consultation with Police. Council allocated \$90,000 toward the upgrade of the system, in addition to the ongoing maintenance, licensing and power costs. Extension of the CCTV program will help to ensure the Chapel Street precinct is a safe and well-managed place to visit, work and live.



STRATEGY: Balance recreation and sporting use with sustainable environmental principles

SAFETY

Target: Increase in the perceptions of safety

Results: A Stonnington Survey Group Survey in 2011 found that 78% felt safe at all times or nearly always, in their local area – an increase of 4% since 2009. A total of 66% thought Council was doing enough to reduce road crashes.

ASSESSMENT OF LOCAL AMENITY

Target: Increase in % of customers rating Council's services as good or better

Results: The Local Government Community Satisfaction Survey 2012 reflected outstanding results for Stonnington in comparison to 71 participating councils.

On Council's overall performance, the City of Stonnington recorded an Overall Performance Index Score of 68 which is significantly higher than the State-wide average for this measure and higher than the average Index Score of 66 for the Inner Melbourne Metropolitan Group, which is made up of 15 councils.

On all of the core measures, Stonnington scores higher than the State-wide average and higher or equal to the Inner Metropolitan average including:

- 76 for Customer Service (higher than the State-wide average of 71 and the Inner Metropolitan average of 73)
- 60 for Consultation (higher than the State-wide average of 57 and the Inner Metropolitan average of 58)
- 60 for Advocacy (higher than the State-wide average of 55 and the Inner Metropolitan average of 57)
- 54 for Council Direction (higher than the State-wide average of 52 and equal to the average Index Score of 54 for the Inner Metropolitan group)

Como Park North/Thomas Oval

The second stage of the Como Park North/Thomas Oval Masterplan implementation was completed in 2011/12. A Spotted Gum timber board walk, measuring 100 metres in length, is now installed, and links Como Park North to Thomas Oval along their western boundaries. The ramp provides access to all park visitors and ensures the open space on the upper oval is well used and recognised as a valuable addition to the 'green' precinct of Como Park, Como Park North, Thomas Oval and the Yarra River. Together these 'green' spaces provide enhanced environmental and recreational values to the area.

The board walk offers wonderful views of the Yarra River and the many activities that occur along its banks, together with access to the various attractions available on Thomas Oval such as the rocky outcrops to the north of the park that offer panoramic views of South Yarra, Richmond and the City, and the fitness station that complements the one already in use on Como Park North.

Future works proposed for this precinct in 2012/13 include pedestrian pathways that meander around the outside of the upper oval and through the rocky outcrops, together with picnic tables, informal seating spots, and the planting of indigenous trees, ground covers and grasses.

The masterplan for Como Park North/Thomas Oval will continue to be implemented over the next few years.

ASSESSMENT OF LOCAL AMENITY

Target: Satisfaction with open space

Results: The Open Space Satisfaction Survey has indicated that Stonnington maintains a high level of satisfaction with Parks (79%).



STRATEGY: Recognise and enhance Stonnington's diverse culture and indigenous heritage through programs and events that support the arts, traditions and heritage

Arts and Culture

Council adopted a new Arts and Cultural Strategy 2011–2016 and as part of the implementation of the strategy, two new events were instigated. Swingin' Saturday revived the lush sounds of the big band, and swing dancers took to the floor at Malvern Town Hall. Another new event, Arts Burst, brought arts to the streets, centred around the Chapel Street and Greville Street precinct. The pop-up festival included circus arts, opera, dance, cabaret, projection and live music in the most unlikely places.

Flavours, the popular event which celebrates cultural diversity in our community was further expanded with the addition of cooking demonstrations and a program of short films and documentaries.

These events complement a year-round program of high profile events and festivals for the community ranging from opera, symphony, fashion and jazz.

There has been further success and growth in participation in 'Heads Up' community professional development workshops, with a range of topics of interest to community, sporting and arts organisations presented.

Functions On Chapel

Functions On Chapel, Council's newest venue, completed its first full year of operations. The function centre, located in the original Prahran Town Hall has proven to be a popular venue for community and commercial hirers as well as civic events. It is well utilised for family celebrations including weddings, as well as business events, conferences and gala occasions.

Aboriginal Reconciliation

The City of Stonnington's Draft Reconciliation Action Plan 2012–2016 was developed during the year following extensive community consultation. The Plan advocates for a City in which connections are created and maintained with our Aboriginal community, cultural awareness is raised, history is respected and contributions are honoured. The City of Stonnington's vision for reconciliation is to create a place of community, individuality and business where an environment is created that encourages and supports the hopes, wellbeing and aspirations of all people.

Through the initiatives listed in the Plan the Council seeks to share the path to meaningful reconciliation with every member of our Aboriginal community. We aim to lead by example and in so doing, demonstrate our commitment to reconciliation and its mutually beneficial outcomes for the people and the future of Stonnington.

A flag raising ceremony was held in May, during National Reconciliation Week, which celebrates the rich culture and history of the First Australians and seeks to recognise the important contributions that Indigenous Australians make to our community. An art exhibition and community barbecues were also held.

Chapel Off Chapel

Chapel Off Chapel recently saw one of its highest grossing shows of all time – starring John Waters, the John Lennon inspired *Looking Through a Glass Onion* – saw a completely sold-out season and garnered much publicity for Chapel Off Chapel.

A new relationship has formed with 16th Street Actors Studio which has seen two Hollywood legends grace our stage with a series of sold-out Master classes; Academy award winner Ellen Burstyn and Producer/Director/Acting Guru Larry Moss. These two events alone saw over 1500 people come through Chapel's doors.



STRATEGY: Celebrate the municipality's heritage and diverse buildings by balancing its existing character with complementary and sustainable developments



Some other stand-out productions included the hilarious Bond-A-Rama, One Flew Over The Cuckoo's Nest and the Green Room nominated Bad Blood Blues.

In 2011/2012 Chapel Off Chapel has been a major venue hub for some of Melbourne's major arts festivals including:

- Stonnington Jazz
- Melbourne International Comedy Festival
- Melbourne Fringe Festival
- Vocal Australia's Get Vocal Festival
- Midsumma
- Roola Boola Children's Festival

Chapel Off Chapel's email and mail subscriptions have grown a further 30%.

Chapel Off Chapel website visits have increased to an average 30,000 visits per month from 20,000 in 2010/2011, with 66% being new visitors. In terms of Social Media, Chapel Off Chapel had an increased fan base on Facebook of 50% and Twitter followers have also increased by 30%.

Using the Mezzanine as a venue for new play readings, provides a space which is professional, comfortable and affordable – giving Chapel Off Chapel a real point

of difference with other venues and nurturing new and emerging Australian Playwrights.

Across all forms of media, mentions of Chapel Off Chapel spiked, increasing 75% from last year with an average of 10 mentions a week.

Libraries

Council continued to offer a range of library services, programs, events and activities during the year, with over 593,000 visits in 2011/12.

The dynamic program of events also attracted people to the school holiday programs, storytimes, baby time rhymes, author talks and workshops.

The Study with Us program encouraged senior students to use the library's study areas as a place for quiet study and provided motivational speakers on a range of subjects including study skills and nutrition.

Workshops on a wide range of subjects continued throughout the year.

The libraries continued to provide items for reading and listening to, as once again, loans exceeded one million items.



Planning

The following achievements were made in relation to planning:

- A number of Council decisions were upheld at the Victorian Civil and Administrative Tribunal against developments that result in poor amenity outcomes.
- Officers worked with applicants to maximise the creation of external open space in multi-unit proposals.
- A part-time Environmentally Sustainable Design Officer was appointed to assist with the education of our developer community and the provision of specialist advice in sustainable design.
- The incorporation of Environmentally Sustainable Design initiatives in major planning applications were assessed.
- The Developer and Objector Satisfaction Survey was conducted in the previous year and a number of improvements have been implemented this year as a result:

- The planning information on Council's website was reviewed and improved.
- Information sheets were prepared to assist applicants in understanding planning matters and decisions.

Protecting Heritage

Council adopted a Heritage Strategy Action Plan in 2006. The action plan followed the preparation of Council's Thematic Environmental History 2006 and was designed to provide Council with a sound framework for a comprehensive and coordinated review of existing heritage places and the assessment of new places.

The gap study of heritage precincts in the City of Stonnington was completed during the year, with the inclusion of an additional 2360 properties within the heritage overlay.

Challenges

- ▶ Managing the impact on parks as venues of Council events.
- ▶ Ensuring events are inclusive and accessible for all members of the community.
- ▶ Global Financial Crisis and the impact on people's leisure dollars and ticket purchases for Chapel Off Chapel events.
- ▶ Constant upgrades required to facilities.
- ▶ Continuing to manage developer and community expectations by making well reasoned and considered decisions.
- ▶ Continuing to manage and assess planning applications for liquor licenses to balance both community amenity and expectations with the economic benefits.

Looking Ahead

- ▶ Delivering the Arts and Cultural Strategy and the adoption of the draft Economic Development Strategy to provide the framework for the year ahead.
- ▶ Continuing to offer a broad range of community events and nurture new and emerging productions at Chapel Off Chapel.
- ▶ Development of the 'chapelapp' – to provide a new way to connect directly with patrons and stakeholders of Chapel Off Chapel and introduction of new street signage to increase venue awareness and help promote performances.
- ▶ Delivery and implementation of a new, web-based planning database. This will facilitate 24/7 lodgement and monitoring, to enhance services for the community and applicants.
- ▶ Continuing to work closely with planning applicants to educate them on the benefits of Environmentally Sustainable Design and encourage greater uptake of the provision of Environmentally Sustainable initiatives in development proposals at the planning stage.

Stonnington —
a premier retail
and business
destination

► PROSPERITY

► CITY OF STONNINGTON

Prosperity

Stonnington will be a prosperous community and a premier tourist and retail destination with thriving local businesses and an entrepreneurial spirit.

Service Statistics

- \$1,223,449.03 was raised through the special rate and distributed to five trader associations to promote local business precincts
- 15,734 businesses are based in Stonnington
- Revenue generated by Professional, Scientific and Technical Services is in excess of \$1.2 billion
- Total employment for Stonnington is estimated to be 44,382
- Retail employs the largest number of people – 9672
- 10,454 people live in Stonnington and work locally
- There are 26 retail and activity centres in Stonnington
- 1139 footpath trading permits were issued
- 1600 people attended Business Education Events
- 150 liquor license applications were processed



IMAGE (Left): Stonnington is
home to 15,734 businesses

Achievements



STRATEGY: Promote activities that support and develop local business with a focus on neighbourhood retailers

Business Support

The City of Stonnington delivers a number of economic development programs, business and tourism marketing activities and high profile events, to support local businesses, encourage visitation and shopping in Stonnington, and to equip businesses with skills to ensure their viability.

Council continued to offer a range of business education opportunities including free business mentoring sessions with experienced business people who assisted local businesses in areas such as finance, management, marketing and business planning. Further workshops, seminars and business breakfasts were provided for businesses across the year. The program provides Stonnington businesses with opportunities to refresh their business focus, update knowledge and to connect with other business operators.

Council also continued to work closely with Business Associations to promote and enhance local business precincts, through:

- Discover Your Own Backyard campaign – promoting local attractions
- Streetscape improvements
- An e-newsletter for Stonnington businesses produced throughout the year

- The online Stonnington Business Directory
- Advertising and promotion of business programs
- Linking with key events, such as Stonnington Jazz and L'Oreal Melbourne Fashion Festival
- Partnership with Destination Melbourne

Fair Trade Fortnight

The City of Stonnington partnered with the Prahran Market to support Fair Trade Fortnight in May 2012. As part of the promotion, freshly brewed Fair Trade coffee and tea was served, Fair Trade chocolate was sampled by market shoppers and Fair Trade organic cotton bags were given away along with educational material on the importance of supporting Fair Trade.

VISITATION AND EXPENDITURE

Target: Increase in expenditure within shopping and entertainment precincts during the Jazz and Fashion festivals

Results: The development of the Jazz Express Hospitality program with local restaurants during Stonnington Jazz has led to an increase in local spending. Research shows that visitation from outside the municipality for Stonnington Jazz and the Fashion Festival has also increased.

STRATEGY:

Promote Stonnington as a premier retail and tourism destination with its unique attractions and shopping strips



Stonnington Events

Stonnington Jazz was an outstanding success in 2012, delivering quality jazz performances across a range of Stonnington venues and commercial venues, linking in with local businesses, shops, restaurants, cafes, accommodation and entertainment during the 11 days of the Festival.

A hospitality program involving local restaurants was developed to further leverage the economic benefit of Stonnington Jazz.

Consumer Satisfaction Surveys are undertaken at each of Council's high profile community events. The level of satisfaction for events continues to score highly (one jazz concert rated 9.9 out of a possible score of 10).

The high profile Stonnington Spring Fashion Runway and Stonnington Fashion Hall of Fame is held each year to boost retail spend in the lead up to the Spring Racing Carnival. Spring/Summer collections from local designers and retailers highlight the fashions in Stonnington's famous shopping precincts.

Stonnington partners with the L'Oreal Melbourne Fashion Festival which emphasises the importance of fashion and retail in the City.

STRATEGY: Further the existing relationship between late night operators, the community and Council to work together to actively improve late night amenity

Stonnington Liquor Accord

The Stonnington Liquor Accord continued to deliver strong outcomes with increased training provided to Accord members, an increase in membership and the delivery of a forum on licit and illicit drug use in Melbourne. Accord members reviewed and updated the Liquor Accord Action Plan.

STRATEGY: Work collaboratively with regional partners to implement agreed strategies to benefit our combined communities

Partnerships

Council's partnership with the L'Oreal Melbourne Fashion Festival continued to deliver benefits to the local economy. The 'Famous For Fashion' series, presented by the City of Stonnington saw local retailers and designers profiled in four fashion shows in the Malvern Town Hall and Functions On Chapel. Research found that 86% of the audience were visitors to Stonnington. Shopping precincts worked hard to leverage the opportunities the Fashion Festival provided.

Stonnington works in partnership with Inner Melbourne Action Plan (IMAP) councils to promote tourism in inner Melbourne and encourage visitor dispersal to the local areas.

Council partners with Destination Melbourne to promote key retail precincts and local experiences through Official Visitors Guides and campaigns, such as the Discover Your Own Backyard campaign.

Promotion of Stonnington's local attractions and events through Tourism Victoria's website as well as participation in the Cultural Guide continued.

STRATEGY: Improve the quality of Stonnington's retail precincts to match the aspirations of being a premier retail and tourism destination



Streetscape Improvements in Retail Precincts

Programmed maintenance and services are carried out in business precincts across Stonnington on an ongoing basis to improve the identity and amenity of shopping strips. Council also inspects footpaths and street furniture assets every six months to ensure they are safe and serviceable.

The capital works program provides significant funds every financial year for streetscape and infrastructure projects, which are carried out in stages across the municipality. These projects include improvements such as new street furniture, footpaths/paving, tree planting, landscaping, poles, kerb and channel and various other works identified and implemented in consultation with traders.

Projects during the 2011/12 year included:

- Completion of Stage 6 streetscape works along Glenferrie Road (including drainage, footpath paving, kerb and channel, trees and tree guards).
- Continuing upgrades to the Forrest Hill (Yarra/Claremont) Precinct.
- Consultation on the revised Footpath Trading and Awnings Policy to provide consistency and improved amenity in the City's shopping strips.

Challenges

- ▶ The uncertainty of the global economy continues to impact on a local level with low consumer confidence. This, along with the change in consumer shopping habits as well as the impact of high rents, is having a direct effect on business precincts in Stonnington.

Looking Ahead

- ▶ Chapel Street streetscape works – Council has committed \$4 million to undertake a masterplan and streetscape improvement works.
- ▶ Chapel reVision – a review of the Chapel Vision Structure Plan adopted December 2007.
- ▶ Development of permanent planning controls for the Chapel Street Activity Centre.
- ▶ Completion of the Toorak Village planning controls.

Council Operations



CITY OF STONNINGTON

Stonnington is committed to good governance through transparent processes, accessible services, accountability, strong leadership, effective management of resources, advocacy, and responsiveness to current and future community needs.

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IMAGE (Above): Malvern Town Hall
(Stonnington City Centre)

KEY STATISTICS

Key Statistics	2011/12	2010/11	2009/10	2008/09	2007/08
Average Rates and Charges per Assessment	\$1,369	\$1,331	\$1,253	\$1,200	\$1,139
Average Operating Expenditure per Assessment	\$2,326	\$2,090	\$2,058	\$1,948	\$1,874
Average Capital Expenditure per Assessment	\$521	\$571	\$683	\$452	\$535
Number of births	1,059	1,014	1,006	1,078	1,116
Net Cost of childcare per utilised childcare place	\$3,189	\$2,674	\$3,591	\$4,273	\$4,038
Cost of home care per contact hour	\$44.75	\$43.68	\$49.38	\$35.79	\$34.91
Cost of meals on wheels per meal	\$14.94	\$19.86	\$18.08	\$14.39	\$12.83
Average number of library visits per capita	6.8	9.87	10.06	6.94	7.02
Average cost of library services per loan	\$4.50	\$3.90	\$3.42	\$3.32	\$3.24
Average cost of library services per visit	\$7.15	\$4.87	\$4.20	\$5.77	\$5.73
% of complying inspections, for registered premises subject to environmental health inspections	81.8%	88.3%	91.3%	91.0%	87.0%
Aquatic Centre visits over the year	561,159	395,818	298,137	476,970	478,356
Cost of animal control per capita	\$6.01	\$5.95	\$4.74	\$4.73	\$5.05
Cost of rapid response per capita	\$1.62	\$2.16	\$1.83	\$1.76	\$2.16
Cost of after-hours field services per capita	\$3.62	\$3.53	\$3.36	\$3.39	\$3.22
Cost of graffiti eradication per capita	\$4.71	\$4.49	\$2.23	\$2.25	\$2.45
Weight of household waste collected and deposited in landfill per tenement	400.9kg	473kg	417kg	449kg	468kg
Community satisfaction rating for waste management services	75	75	79	76	73
% of household waste recycled	41.8%	43.0%	42.1%	40.3%	39.1%
Cost of non-recyclable waste collection and disposal per tenement receiving service	\$94.18	\$87.05	\$72.77	\$74.91	\$69.42
Cost of recyclable waste collection per tenement receiving service	\$23.91	\$36.62	\$39.19	\$38.57	\$37.41
Community satisfaction rating for local roads and footpaths	64	65	64	62	62
Ratio of roads per capital expenditure to roads depreciation	1.22	0.95*	0.76	0.61	0.74
Cost of municipal cleaning per assessment	\$58.17	\$60.20	\$50.83	\$49.59	\$46.11
Cost of parks and gardens maintenance per capita	\$37.90	\$35.16	\$35.35	\$37.05	\$37.65
% achievement of 'due date' performance targets for planning applications	72%	70%	71%	70%	61%
Number of planning applications decided during the year	1,588	1,545	1,400	1,198	1,245
Number of planning applications decided during the year through appeal	169	225	184	156	146
Cost per planning application	\$2,609	\$1,880	\$1,748	\$2,096	\$2,240

CORPORATE GOVERNANCE

The *Victorian Constitution Act 1975* states that local government is a separate and essential tier of government, with democratically elected Councils and with the functions and powers necessary to ensure the peace, order and good government of each municipality.

Councils are made up of democratically elected Councillors and are responsible and accountable to the local community they represent.

It is the role of Council to provide good governance and leadership through its decision-making, actions, transparent processes, accessible service, accountability, effective management of resources, advocacy, and responsiveness to current and future community needs.

The *Local Government Act 1989 (the Act)* is the principal Act under which Councils operate. It prescribes the legislative framework for Councils to be accountable to their local communities in the performance of functions,

the exercise of powers and the use of resources. The Act formalises Council's legal status, purpose and objectives, including the following:

- Promoting social, economic and environmental viability and sustainability;
- Ensuring resources are used efficiently and effectively and that Best Value principles are met;
- Improving the overall quality of life of people;
- Promoting appropriate business and employment opportunities;
- Ensuring equitable access to services and facilities;
- Ensuring equitable imposition of rates and charges; and
- Ensuring transparent and accountable decision-making.

Through this report Stonnington City Council outlines how it addresses these key objectives.

The Council

A Council must consist of not fewer than five and not more than 12 Councillors.

Stonnington Council has had nine Councillors since the amalgamation of Councils in the 1990s.

The last General Election was on 20 November 2008 with the next election due on 27 October 2012.

Councillors

East Ward	North Ward	South Ward
Cr Greg Hannan	Cr Tas Athanasopoulos	Cr Melina Sehr
Cr Judy Hindle	Cr John Chandler (Mayor)	Cr Tim Smith
Cr Anne O'Shea	Cr Angus Nicholls	Cr Claude Ullin

Mayor

The Mayor, Cr John Chandler, was elected by the Councillors at a Special Meeting on 8 December 2011 for a one-year term. The Mayor takes precedence at all municipal proceedings within the municipality and takes the chair at all meetings of the Council at which he is present.

Meetings

Ordinary meetings of Council are held on the first and third Mondays of the month, excluding January and subject to the timing of public holidays. The meeting schedule is adopted by Council in December each year and is advertised in the local paper and on Council's website.

Council meetings are often well attended by interested members of the public and commence at 7.00pm in the Council Chamber at the Stonnington City Centre, Malvern. Copies of the Notice Paper are available prior to the meeting on Council's website and for viewing at Council Libraries with copies also available at the meetings. Minutes or Notice Papers of past meetings are also on the Council's website.

The meeting procedure is outlined in Council's General Local Law 2008 (No.1). Voting is by a show of hands and every Councillor present must vote.

Councillor Briefings are held on the second and fourth Monday of each month. These are not decision making meetings but closed informal meetings where Councillors have the opportunity to have in-depth discussion on strategic policy development, new and on-going projects and other matters.

Planning Consultative Meetings are part of Stonnington Council's planning process. These meetings provide a forum for the Ward Councillors, applicant and objectors to discuss their points of view in respect to a proposed development and endeavour to reach some mutual agreement on the proposal before it comes to Council for consideration. Such meetings are held when there are seven or more objectors.

FIGURE 1.2
COUNCILLOR MEETING ATTENDANCE 2011/12

Councillor	Council Meetings	Councillor Briefings	Planning Consultative Meetings
Total Meetings Including 3 Special Meetings	25	21	76
Athanasopoulos	25	20	4
Chandler (Mayor)	23	17	20
Hannan	25	15	3
Hindle	23	17	15
Nicholls	22	13	1
O'Shea	22	19	7
Sehr (past Mayor)	22	17	15
Smith	23	14	4
Ullin	24	21	27

Advisory Committees

In 2012 Council established three Advisory Committees as follows:

- Finance Advisory Committee – chaired by Cr Hannan
- Economic Development Advisory Committee – chaired by Cr Ullin
- Strategic Master-planning Advisory Committee – chaired by Cr Nicholls

Meetings are held monthly with all Councillors notified and able to attend.

Council also has a number of local advisory committees that Councillor representatives attend:

- Chapel Off Chapel Advisory Board: Cr Ullin is the Chairperson, and Councillors Nicholls, Chandler and O'Shea are members
- Ethnic Services Committee
- Stonnington History Committee

Other Meetings

Councillors also attended other meetings representing Council on the following bodies:

- Municipal Association of Victoria
- Metropolitan Transport Forum
- Metropolitan Waste Forum
- Victorian Local Governance Association (VLGA)
- Prahran Mission Board
- Glenloch Homes
- Inner South Metropolitan Mayors Forum
- Prahran Mechanics Institute

Inner Melbourne Action Plan Committee

Inner Melbourne Action Plan (IMAP) is a Special Committee established under section 86 of the *Local Government Act 1989* and made up of representatives from the Cities of Port Phillip, Yarra, Melbourne and Stonnington. The administration support is provided through the City of Stonnington for this committee. Detail on the achievements of IMAP are outlined on page 49.

The Chief Executive Officer

The Chief Executive Officer (CEO) is a member of Council staff and is the only one who reports directly to the Council. In April 2012, Mr Roberts was re-appointed as CEO for a five-year period.

Stonnington's CEO Warren Roberts, is responsible for:

- Ensuring that the decisions of Council are implemented without undue delay;
- The day to day management of the Council's operations in accordance with the Council Plan;
- The structure of the Council and all staff matters; and
- Providing timely advice to the Council.

An annual performance review of the CEO is undertaken by Council, which assesses his performance against set 'key performance indicators'.

Senior Officers

The *Local Government Act 1989* outlines the employment requirements of Council's Senior Officers, conduct principles, contractual and performance evaluation and delegated authorities.

The Council has five Divisions headed by the following people:

- **City Works**
Simon Thomas, General Manager
- **Corporate Services**
Geoff Cockram, General Manager
- **Planning and Development**
Stuart Draffin, General Manager
- **Social Development**
Connie Gibbons, General Manager
- **Sustainable Future**
Karen Watson, Executive Manager

These obligations of employment under the Act also apply to the Managers and certain other staff.

Remuneration

COUNCILLORS

The Mayor and Councillors receive an allowance for undertaking the duties of Councillor. The level of allowance that will be payable for a period of four years is determined by Council following consultation with the community after the General Election. Stonnington Council is classified as a Category 3 Council under the Local Government Act and Councillors receive the maximum allowance.

The Act provides for annual adjustments for Mayoral and Councillors allowances by the Minister for Local Government in line with movements in the remuneration of Victorian Statutory and Executive Officers. These were adjusted and gazetted in 29 September 2011 effective from 1 December 2011 as follows:

	1/7/11 – 30/11/11	Current
Mayor	\$81,610	\$83,650
Councillors	\$25,549	\$26,188

The Mayor is not entitled to receive the Councillor allowance in addition to the Mayoral allowance. The Mayor and Councillors also receive an amount equivalent to the Superannuation Guarantee levy (currently 9%). Allowances are paid quarterly in advance except for the change of financial year when they are paid in early July, and a pro-rata adjustment with the change of Mayor.

OFFICERS AND STAFF

Council staff are remunerated in accordance with the requirements of the Local Government Act, the Victorian Local Authorities Award 2001, the Nurses (ANF – Victorian Local Government) Award 2002 and the Council's Enterprise Agreement No.7/2010.

INDEPENDENT AUDIT COMMITTEE MEMBERS

The Independent members of the Audit Committee have been engaged on a three-year term as follows:

- Audit Chair effective from 1 May 2010 at \$9,450 per annum.
- Deputy Chair effective from 1 May 2012 at \$7,200 per annum.

A summary of the remuneration of responsible persons is included in the Financial Report under Note 38 – Related party transactions.

Legislation Changes

Local Government is covered by a considerable volume of legislation in the delivery of its services and programs. Over the past 12 months, legislative changes in some of the significant Acts include:

- *Building Amendment Act 2012 and 2011*
- *Domestic Animals Amendment (Restricted Breeds) Act 2011*
- *Environment Protection Landfill Levies Act 2011*
- *Local Government Amendment (Electoral Matters) Act 2011*

Reviews and Submissions

The following reviews and submissions have been undertaken throughout 2011/12.

- Council Delegations to Staff
- Car Share Trial
- Footpath Trading and Awnings Policy Review
- Community Grants Program
- Councillor Code of Conduct
- Caretaker Policy
- Councillors Civic Support and Expenses Policy
- Community Safety Camera Program
- Domestic Animal Management Plan
- Fire Services Levy
- Stonnington Municipal Early Years Plan
- Phoenix Park Centre Based Meals Program
- Winter Operating Hours – Prahran Aquatic Centre
- Stonnington Pound Redevelopment Feasibility Review
- Receiving Gifts, Benefits and Hospitality Policy
- Car Park Provisions Review
- Melbourne Transport Forum Campaign to Improve Railway Stations and Surrounds
- Smoke-free Outdoor Areas Policy Research
- Asset Management Policy and Asset Management Strategy
- Submission to the Victorian Government Inquiry into Environmental Design and Public Health
- Victorian Planning System Review – Submission to the Ministerial Advisory Committee

- Risk Management of Drainage and Flood Events
- Chapel Street Precinct Pedestrian Safety Action Plan 2011–2014
- A City For All – City of Stonnington Access and Inclusion Plan 2010–2013
- Review Of Local Law – Part 4 – Council Administration (Election Of Mayor And Meeting Procedures Sections)
- Chapel Street Precinct – Evening Taxi Zone Proposal
- Victorian Homelessness Action Plan
- Disposition Of Land and Buildings Policy
- Social Impact Assessment Policy
- Stonnington Customer Service Charter and Standards
- Electricity Safety (Electric Line Clearance) Regulations 2010
- Compulsory De-Sexing of Cats and Cat Curfews
- Economic Development Strategy 2012–2016
- City of Stonnington Municipal Public Health Plan 2009–2013 Year 2 Review

Civic Functions

Council has pleasure in conducting a number of civic functions each year such as Citizenship Ceremonies, Citizens of the Year and hosting a range of other events including:

- Inner South Metropolitan Mayors Group meeting and luncheon
- Greek Flag Raising Ceremony
- Historical Poster Competition
- German Students reception from Korowa Girls School
- Centenarians Morning Tea

Citizenship

The Mayor is required by law to receive the Oaths or Affirmations of Allegiance for new Citizens and Stonnington Council is proud to be able to conduct these Citizenship Ceremonies. Citizenship Ceremonies were conducted in July, September, November, January, March and June.

These ceremonies were well attended by friends of the new citizens as well as local, Federal and State politicians.

Citizens of the Year Awards

Stonnington Council calls for nominations for Citizen of the Year for a number of categories and a ceremony to make these awards and celebrate each person or group's contribution is held with a cross section of the Stonnington community invited. The Awards Ceremony was held in August 2011.

The following persons and groups were recognised for their outstanding service to the community in Stonnington:

Young Citizen of the Year	Alicia Eva
Community Service	Deborah Holmes
Arts/Culture	Wendy Ritchie
Sport	Anthony Byrnes
Youth	Nicola Watts
Mayor's Lifetime Award	Stonnington City Brass
Community Group	Windsor Senior Citizens' Club
Education	Volunteer tutors of Inclusion Melbourne Inc

The Inner Melbourne Action Plan

The Inner Melbourne Action Plan (IMAP) is the successful collaboration between the cities of Melbourne, Port Phillip, Yarra and Stonnington. Transport and connectedness, housing affordability, environmental sustainability and liveability remain the key strategic directions of IMAP.

IMAP seeks to build on Melbourne's energy, culture, environment, education and diversity to help foster creativity, liveability, prosperity and sustainability across the inner Melbourne region.

The Inner Melbourne Action Plan identifies 57 actions within 11 regional strategies for implementation across the inner Melbourne region and now, having completed its sixth year, many actions have achieved their objectives or are well underway.

Some of the key achievements of IMAP during 2011/12 included:

- Involvement of the City of Maribyrnong in IMAP's activities.
- Launching the Growing Green Guide project in conjunction with the University of Melbourne and the Victorian Local Sustainability Accord to create a technical guide for the construction of green roofs and walls, develop recommendations for integrating rooftop and vertical greening into regulatory schemes and identify prime sites for future development of green roofs, walls and facades in the inner Melbourne region.
- Development of a factsheet suite that details the 10 Key Sustainable Building Categories – detailed advice for builders and developers on sustainable building design at the planning permit application stage.
- Publication of an information booklet on Water Sensitive Cities which promotes the need to transition away from a "water supply city" towards new strategies which develop a more resilient, sustainable water system within our urban environment.
- Increasing communication networks between Councils and Universities through promotion of student placements and showcasing work integrated learning opportunities as part of Melbourne Knowledge Week.
- Development and review of the inner Melbourne region Tourist Map to further increase its licensing and circulation as Melbourne's most sought after map.
- Promotion of inner Melbourne as a visitor destination throughout regional Victoria through a Familiarisation tour for Geelong Visitor Centre volunteers and advertising through Melbourne Style magazine for wide distribution via the Herald Sun.
- Participation in national research on Community Land Trusts to determine the applicability of this model in establishing affordable housing in Australia.
- Meeting with the Victorian Commission for Gambling and Licensing Regulation on alcohol related issues in the inner Melbourne area.
- Continued work on the bicycle network linking routes across the city's municipal boundaries.

FIGURE 1.3 CITIZENSHIP CEREMONY DETAILS

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Number of ceremonies held in year	6	6	5	4	5	5
Number of persons naturalised	475	610	650	459	504	688

GENERAL LOCAL LAW 2008 (NO.1)

Council's General Local Law 2008 (No.1) was adopted after a full review in 2008. Subsequent minor amendments have been conducted since then, with a review of the Election of Mayor and Meeting Procedure sections completed and adopted by Council on 19 September 2011.



Council's General Local Law covers:

- The Common Seal
- Election of Mayor
- Council Meeting Procedure
- Special Committees
- Protection of Council Land
- Roads, Public Places and Council Land – Obstructions and Behaviour
- Street Selling, Collections and Distributions
- Protection of the Amenity of the municipality
- Keeping of Animals
- Sanitation
- Administration of the Local Law including enforcement, permits, fees and charges, offences and Authorised Officers

The General Local Law is available for inspection at the Services Centres and Council Libraries and Council's website www.stonnington.vic.gov.au.

Whistleblowers Protection Act 2001

Stonnington Council has adopted the following in respect to the Whistleblowers Protection Act.

STATEMENT OF SUPPORT TO WHISTLEBLOWERS

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

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

Disclosures of improper conduct or detrimental action by the Council or its employees, may be made to the following Officers:

- The Protected Disclosure Co-ordinator, Fabienne Thewlis, Manager Governance and Corporate Support – 8290 1305 or
- The Protected Disclosure Officer, Karen Watson – 8290 1175

Both are located at Council's Malvern Offices.

All correspondence, telephone calls and emails from internal or external whistleblowers will be referred to the Protected Disclosure Coordinator. Where a person is contemplating making a disclosure and is concerned about approaching the Protected Disclosure Co-ordinator or a Protected Disclosure Officer in the workplace, he or she can call the relevant officer and request a meeting in a discreet location away from the workplace.

An alternative contact may also be made directly to the Ombudsman Victoria, Level 9, 459 Collins Street (North Tower), Melbourne, telephone – 9613 6222, email: ombudvic@ombudsman.vic.gov.au or website: www.ombudsman.vic.gov.au.

The Council will take all reasonable steps to protect the identity of the whistleblower and if it is not possible to do so the Whistleblower will be informed and steps undertaken to ensure no reprisals are taken as a result. This includes the security of records whether paper or electronic. Council's Human Resources and Organisational Development Officer has been appointed as the Welfare Manager responsible for looking after the general welfare of the whistleblower. An investigator will be responsible for carrying out an internal investigation into a disclosure. This may be an internal or external person.

Full details of the Whistleblower Guidelines may be found on Council's website www.stonnington.vic.gov.au.

FIGURE 1.4 SUMMARY OF WHISTLEBLOWER DISCLOSURES MADE:

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Disclosures made	0	1	1	1	0	0
Disclosures referred to the Ombudsman for determination	0	0	1	0	0	0
Disclosures referred to Council by the Ombudsman for investigation	0	0	0	0	0	0
Investigations by Council taken over by the Ombudsman	0	0	0	0	0	0
Requests made by a whistleblower to the Ombudsman to take over an investigation by the Council	0	0	0	0	0	0
Disclosed matters that Council has declined to investigate	0	0	0	0	0	0
Disclosed matters that were substantiated upon investigation	0	0	0	0	0	0
Recommendations made by the Ombudsman that relate to the Council	0	0	0	0	0	0

Freedom of Information

The *Freedom of Information Act 1982* establishes a legally enforceable right for the community to access information from certain records held by Council.

Requests for access to documents under the Freedom of Information Act can be lodged, in writing with the Freedom of Information Officer, City of Stonnington, PO Box 21, Prahran, 3181. A fee of \$24.40 applies for each application and other fees will apply as the application is processed. The application fee increased to \$25.10 on 1 July 2012. General enquiries on lodging an application can be made through the Service Centre on 8290 1333 and details are also on Council's website. The Act requires that the request must give as much detail of the documents requested as possible and not be just for a broad range of documents.

Council processed 43 applications during the year, of which only 34 were valid and proceeded. To be a valid request the application must be accompanied by the required fee.

FIGURE 1.5 SUMMARY OF FREEDOM OF INFORMATION APPLICATIONS RECEIVED

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Applications received and processed	34	36	29	27	23	21	45
Internal reviews	1	1	1	1	2	1	1
Appeals to VCAT	0	0	0	0	0	0	1

Documents Available For Inspection

In accordance with section 11 of the Local Government (General) Regulations 2004 the following documents are available for public inspection:

- a. Details of current allowances fixed for the Mayor and Councillors under section 74 or 74A of the Act;
- b. The total annual remuneration for all senior officers in respect of the current financial year and the previous financial 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 remuneration falls within the ranges referred to in (b) (i) above;
- c. Details of overseas or interstate travel (with exceptions) 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 of the overseas or interstate travel, including accommodation costs;
- d. Names of Council Officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- e. Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- f. 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;
- g. A list of all special committees established by Council and the purpose for which each committee was established;
- h. A list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- i. 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;
- j. A register of delegations kept under sections 87 and 98 of the Act, including the dates on which the last review under sections 86(6) and 98(6) of the Act took place;

- k. Submissions received in accordance with section 223 of the Act during the previous 12 months;
- l. Agreements to establish regional libraries under section 196 of the Act; (not applicable);
- m. 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;
- n. A register of authorised officers appointed under section 224 of the Act;
- o. 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;
- p. 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 the year to each organisation by the Council;

- q. A list of contracts valued at \$100,000 (or such higher amount as is fixed from time to time under section 186(1) of the Act) or more:
 - i. Which the Council entered into during the financial year without first engaging in a competitive process; and
 - ii. Which are not contracts referred to in section 186(5) or (5A) of the Act.

Note: The Act provides that an amount higher than \$100,000 may be fixed by Order in Council made under section 186(1) of the Act. (The Minister has fixed the following amounts, which now apply – \$150,000 for services and \$200,000 for works.) In accordance with Section 222 of the Local Government Act, inspection of any of these documents can be arranged by contacting the Civic Support Officer on 8290 1331.

Information Privacy Policy

The City of Stonnington believes that the responsible handling of personal information is a key aspect of democratic governance and is strongly committed to protecting an individual's right to privacy. Council is committed to full compliance with its obligations under the *Information Privacy Act 2000 Vic* and the *Health Records Act 2001*. In particular, the City of Stonnington will comply with the Information Privacy Principles contained in these Acts.

Any person who feels aggrieved by Council's handling of their personal information may make a complaint to Council's Privacy Officer, telephone 8290 1333. The complaint will be investigated and a written response provided. Alternatively, complaints may be made to the Privacy Commissioner (although the Commissioner may decline to hear the complaint if you have not first made a complaint to the City of Stonnington).

FIGURE 1.6 SUMMARY OF INFORMATION PRIVACY COMPLAINTS RECEIVED

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Internal Reviews	1	1	1	1	1	0	0
Review by Privacy Commissioner	0	0	1	1	0	0	0

Charter of Human Rights and Responsibilities Act 2006

The *Charter of Human Rights and Responsibilities Act 2006* sets out 20 rights that reflect four basic principles: Freedom, Respect, Equality and Dignity.

The Charter requires Council, as a public authority, to take human rights into account when making decisions, providing advice and delivering services. Section 38(1) of the Charter states that: *"it is unlawful for a public authority to act in a way that is incompatible with a human right or, in making a decision, to fail to give proper consideration to a relevant human right."*

In February 2008 Council adopted a Statement of Human Rights:

The City of Stonnington recognises and respects that everyone has the same human rights entitlement to allow them to participate in, and contribute to, society and our community. We recognise that all persons have equal rights in the provision of, and access to, Council services and facilities. We recognise that, at all times, such rights may be limited, insofar as to strike a balance between individual rights and the protection of public interest.

Stonnington Council provides Human Rights Charter training to all new employees including, casual, temporary and on-going internal contractors.

Training

Two three-hour training sessions were conducted during the year with 37 participants from across the eleven Council areas. The core contents were:

- Introduction to the Charter
- Charter mechanisms: how it works
- Human Rights based approach
- Overview of resources and supports available

A session was also offered to community based organisations but despite initial interest Council received no registrations and the training was not held.

As a result of the training, the Charter page of the intranet was updated and a checklist provided to enable staff to assess the impact of Council report recommendations on Human Rights.

Victorian Ombudsman

The Victorian Ombudsman is a constitutional independent officer of the Victorian Parliament established under the *Ombudsman Act 1973*. The role and duties of the Ombudsman are to:

- Promote excellence in public administration in Victoria;
- Seek to ensure the highest possible standards of public sector service delivery to all Victorians;
- Enquire into or investigate administrative actions taken by a Government department or public statutory body or by any member of staff of a municipal council.

The Ombudsman's office also checks compliance by State entities with certain specified Victorian legislation such as the *Whistleblowers Protection Act 2001*, *Freedom of Information Act 1982* and the *Charter of Human Rights and Responsibilities Act 2006*.

Disclosures

While Council is not required to make continuous disclosure to the ASX, it is governed by legislation that requires regular reporting to other levels of Government and must respond to any matters raised by:

- Local Government Victoria
- Ombudsman Victoria
- Auditor General Victoria
- Valuer General Victoria
- State and Federal Government Departments and agencies

FIGURE 1.7 RATES STATISTICS

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
No. of Rate Notices Sent	54,684	54,162	53,290	52,917	52,446
No of Instalment Notices Sent (3 notices)	74,528 (57.67% of total issued)	72,879 (44.85% of total issued)	72,089 (45.09% of total issued)	68,918 (43.4% of total issued)	65,869 (41.8% of total issued)
No of final notices sent	4,424	4,504	3,899	4,166	3,987
No of Summons issued	396	427	520	489	483
Total rates collected for year %	98.07%	98.24%	98.24%	98.48%	98.85%
New owner kits	4,621	4,051	4,044	3,707	5,489
Land Information certificates issued	4,533	4,075	4,030	4,568	5,844

Valuations

This year the Valuations Unit undertook the General Revaluation of all properties within the municipality at an effective date of 1 January 2012. These figures will be returned for the financial year commencing 1 July 2012.

Apart from the revaluation, the Valuation Unit undertakes supplementary valuations when new properties are developed or alterations undertaken to buildings. Further, they provide valuation figures as part of large scale development public open space contributions and analyse movements in sales across the municipality over the year. This work is summarised in Figure 1.8.

FIGURE 1.8 VALUATION STATISTICS

	2011/2012	2010/2011
Supplementary valuations	2,781	4,046
Public open space valuations	56	26
Analysis of property sales	3,402	3,775
Building permits assessed for valuation	1,479	1,200
Rateable assessments revalued	55,837	N/A

Audit Committee

The Audit Committee is an Advisory Committee of Council and plays a key role in overseeing Council's audit, governance, accounting control and risk management practices. The Committee comprises two independent members – the Chair, Garry Richardson and Deputy Chair, Stuart Newey – and two Councillors.

The Committee meets quarterly and meetings are also attended by the Chief Executive Officer, General Manager Corporate Services, Manager Finance and Information Technology, Manager Risk Management and Contracts Compliance and other staff as required. Both the Internal Auditors (Oakton) and External Auditors (Victorian Auditor-General's service provider) also attend.

The primary objective of the Audit Committee is to assist Council in fulfilling its responsibilities relating to organisational risk management practices, accounting and reporting including:

- Monitoring Council's exposure to risk and management of risk.
- Maintaining open lines of communication among Councillors, internal auditors, external auditors and officers.
- Enabling an exchange of views and information.
- Determining through regular review of audit activity, the adequacy and effectiveness of the City's administrative, operating and accounting controls.

- Assisting in establishing and maintaining appropriate corporate conduct, and good governance.
- Monitoring and appraising the quality of the audits conducted by the City's internal auditor.
- Reviewing the annual financial statements of the Council.
- Providing advice in determining Council's risk control audit programs and risk minimisation measures.

INTERNAL AUDITS

In 2011/2012 the following internal audits were undertaken by Council's Internal Auditors (Oakton) and results followed up through the Executive Management Team and the Audit Committee.

- Follow-Up of Internal Audit Recommendations
- Business Continuity and Disaster Recovery Planning Review
- Records Management
- Councillors' Expenses
- Occupational Health and Safety
- Halls Management
- Risk Management

ADVOCACY



Chapel Street Entertainment Precinct – at 'Saturation' Point

The City of Stonnington developed an Amendment to the Planning Scheme covering saturation of licensed premises in the Chapel Street entertainment precinct to address community concern about alcohol-fuelled anti-social behaviour.

The Amendment was put forward to the State Government and following extensive advocacy, the Minister for Planning approved the Amendment in January 2012. This meant mandatory planning controls were put in place to permanently cap the number of late night venues in Chapel Street with a capacity of more than 200 which operate after 1am.

Stonnington also won a National Award for Excellence in Alcohol Management in 2012, which recognises the actions and achievements Stonnington has made to reduce alcohol-related harm through the changes to its Planning Scheme and through partnerships with Police, businesses, health agencies, government and the Stonnington Liquor Accord.

These great outcomes in 2011/12 were the result of much work undertaken in a number of areas. Stonnington undertook an innovative research project involving partnerships with Police, late night traders and local residents to investigate and address street violence and antisocial behaviour related to the misuse of alcohol in the Chapel Street Precinct. This sought to curb a decline in amenity, negative perceptions of community safety, and impacts on health and wellbeing.

Stonnington developed the research paper, 'Late night liquor licensing trading in the Chapel Street Precinct – Measuring the saturation levels.' The development of the research paper identified the need for a social impact assessment as part of the planning permit process.

Stonnington adopted an internal referral process whereby all late night licensed venue applications are referred to Corporate and Community Planning for a social impact assessment. Statutory Planners are required to consider comments received as part of the social impact assessment. This new process has enabled Statutory Planners to go beyond a site specific assessment of amenity impact in order to consider how the application will impact on a community. This demonstrates a far broader assessment process that takes into consideration both the bigger picture and site specific implications of an application. The saturation research findings enabled the preparation of the Planning Scheme Amendment.

Preserving Our Liveability

Stonnington has undertaken advocacy on behalf of residents and traders, to protect the liveability and amenity of our local areas and key business precincts.

Stonnington prepared and exhibited an amendment to the Planning Scheme for 590 Orrong Road in close consultation with all stakeholders to try to achieve permanent planning controls that would ensure an appropriate development and balanced outcome on this major strategic development site. In addition to this, Council has listened to and represented the community in relation to the proposed 590 Orrong Road development, presenting community concerns to the Planning Panel.

Stonnington has also worked to improve planning outcomes across the City, promoting mandatory height limits, advocating for appropriate urban design outcomes and actively encouraging the creation and preservation of open space. Stonnington has continued to defend local areas from inappropriate developments at VCAT. Advocacy was also undertaken in relation to a number of community concerns around the proposal for the expansion of Chadstone Shopping Centre.

Street Tree Pruning

Stonnington continued to actively lobby State Government to reintroduce provisions within the new Electrical Safety (Electric Line Clearance) Regulations 2010 to protect the amenity of trees near powerlines and achieve a more balanced outcome between amenity and electrical safety.

The Victorian Government changed the Electrical Safety (Electric Line Clearance) Regulations with significant implications for trees growing near powerlines in Stonnington. Compliance with the regulations would affect over half of the 32,000 street trees and some park trees in Stonnington because they are near electricity lines. It would have a significant impact on the appearance of streets. Council would have to undertake additional pruning of approximately 12,000 trees in the vicinity of electric lines. The additional pruning requirements would add several hundred thousand dollars a year to the costs of tree pruning.

The MAV established a reference group with the State Government – through which Stonnington is represented and played an active role – to work towards a solution.

Stonnington Council has since been continuing to work with the MAV on this matter to protect the amenity of trees in the vicinity of electrical lines and achieve a practical and balanced outcome.

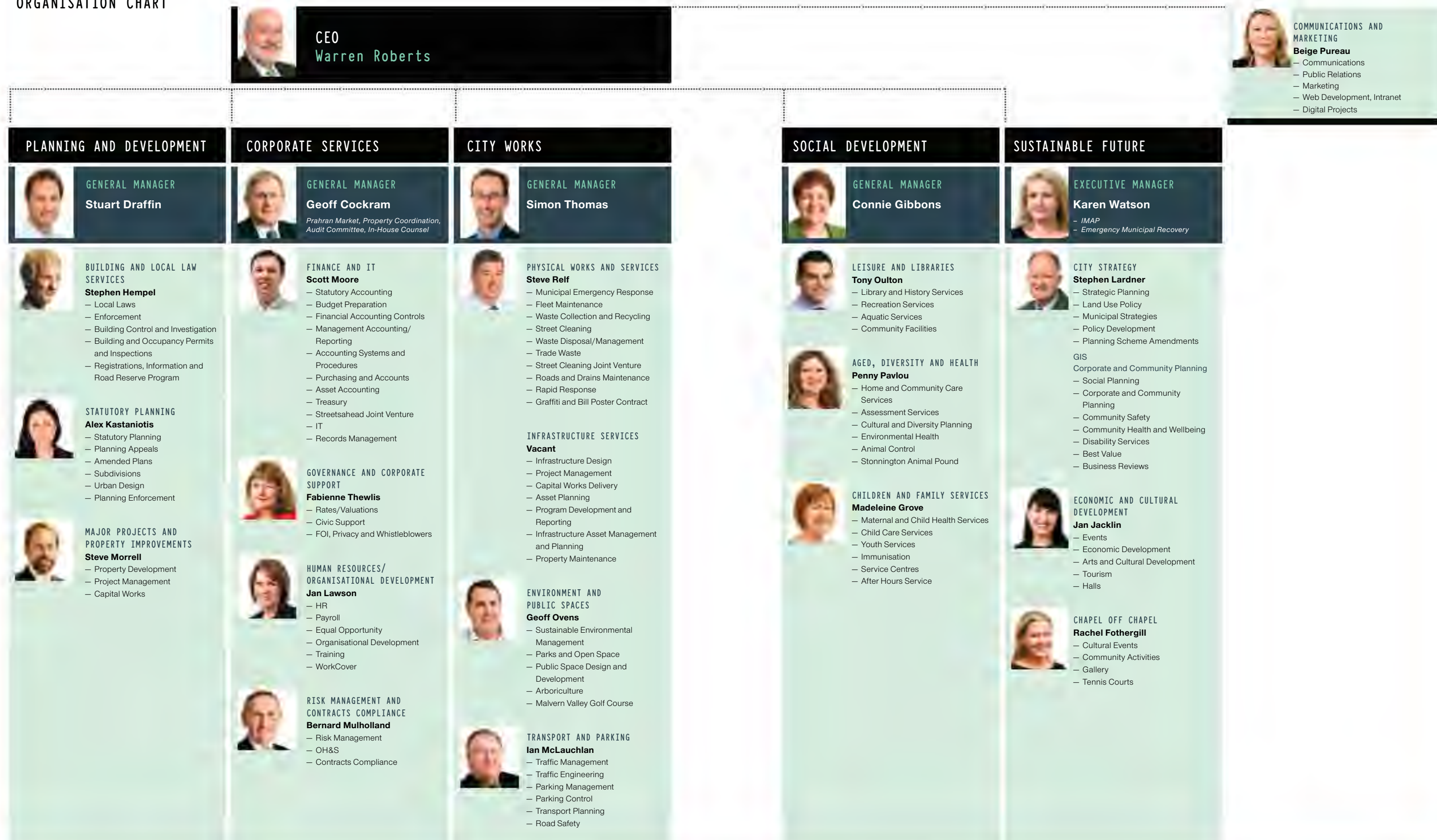
Stonnington submitted an exemption application for tree pruning under the Electricity Safety (Electric Line Clearance) Regulations 2010 using the MAV Risk Manual.

Council wrote to The Hon. Ted Baillieu, Premier; The Hon. Michael O'Brien Minister for Energy and Resources; The Hon. Jeanette Powell, Minister for Local Government; and Local MPs, seeking their assurance that electric line clearance responsibilities, in low bushfire risk areas, not be transferred from Local Government to the Electricity Distribution Businesses and, seeking their commitment to the MAV Risk Based Approach for the management of Vegetation in declared low bushfire risk areas as was originally agreed.

Council also wrote to the Mayors of all metropolitan councils, advising them that Stonnington has submitted its exemption application for tree pruning under the Electricity Safety (Electric Line Clearance) Regulations 2010 using the MAV Risk Manual, and seeking their commitment to make a submission to ESV opposing the proposed changes to the Electrical Safety Act which amongst other things would effectively see all electric line clearance responsibilities, both in high and low bushfire risk areas, transferred to the Electricity Distribution Businesses.

The advocacy on the electrical line clearance requirements aimed to strike the right balance between safety and amenity.

ORGANISATION CHART



HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

Blue Horizon

Stonnington's Cultural Development program, Blue Horizon, has continued to provide strategies that improve workforce engagement. Survey outcomes from the 2011 survey show that Stonnington is still performing above the benchmark of average Australian organisations – and has improved against its own performance compared to the survey in 2009.

Research tells us that the key to employee engagement is supportive leadership which is underpinned by the four pillars of empathy, clarity, engagement and learning. This year's results show there has been improvement across all of these areas. Even so, close to 40 Improvement Planning workshops were conducted immediately following the survey, culminating in business unit, departmental and divisional action plans all designed to further improve both culture and service delivery.

The following actions have been undertaken as a result of the workshops and survey outcomes:

- Leadership Development programs and activities conducted in the area of supportive leadership to empower an environment of professionalism, quality, accountability and service delivery.
- Enhancement of the existing recognition program, introducing an informal element of recognition, designed to provide a simple, widely accessible, cost effective and fun way to informally recognise and celebrate achievement at all levels.

Learning and Development

The City of Stonnington is committed to encouraging staff to develop and further enhance skills by undertaking learning and development activities relevant to current or potential future roles within Council. The Corporate Training Program is one method of delivering learning and development activities.

The Corporate Training Program targets employees from across all levels of Council and is designed to build on skills identified as important to achieving Council goals and objectives. The outcomes of the annual Staff Development Program forms the basis of the Corporate Training Program.

Courses held in 2011/2012 were a combination of compliance, professional development and leadership development and these were run as either half-day, full-day or two-day sessions. Some of the training courses

conducted during this period include Behavioural Interviewing, Microsoft Office and Leading and Influencing Change. The lunch 'n' learn sessions have continued to be a success.

One of the highlights of 2011/2012 was the continued roll out of an online training system. This enables staff to complete learning and development modules online at their convenience. This helps to further target all staff regardless of the shifts they work or their location.

Induction

The City of Stonnington Corporate Induction continues to be a success. This program is run over three sessions and all full-time and part-time staff attend. The CEO and General Managers present on their work areas giving an overview and insight into the complexity of the work Council is involved in. Occupational Health and Safety and Equal Opportunity are topics also covered in the induction. A highlight of the Corporate Induction continues to be the bus tour around the municipality showing new staff the interesting diversity of our community in both our cultural and built environment. A total of 69 staff attended induction in 2011/2012.

Wellbeing Program

The City of Stonnington recognises that the health, safety and wellbeing of our employees is integral to the achievement of our strategic goals and that healthy workers are productive workers. A strong health, safety and wellbeing culture in our organisation is a vital precursor to reducing injuries and improving general wellbeing. Over the past year Council has remained committed to maintaining a motivated, productive and healthy workforce by delivering our fifth Wellbeing Program. The Wellbeing Program aims to assist Council employees to manage the competing demands of work and personal health and focuses on physical, emotional and psychological welfare. Initiatives delivered during the fifth program included information on:

- Eye health
- Hearing, posture and podiatry checks
- Stress management and building resilience
- Healthy cooking and nutrition
- Workplace health checks
- Co-contribution physical activity classes



Council employees continue to be very receptive to the Wellbeing Program and activities are well-attended. Programs such as this assist not only to retain employees but aids decreasing absenteeism and increasing staff morale. The success of the program has been monitored via employee wellbeing surveys, results of work health checks and a decrease in staff turnover.

The main challenge for the sixth Wellbeing Program is to deliver an inclusive program which ensures employees at all locations across Council are able to access wellbeing activities. The Wellbeing Committee will continue to utilise occupational health and safety statistics to tailor activities to areas requiring most attention.

Recruitment

Promotions, retirements and employees moving on have resulted in opportunities for an increase in internal promotions and the recruitment of new talent into the organisation.

The large number of internal promotions highlights the success of Council's learning and development and retention strategies. The reputation of Council as an employer also gives us the ability to attract a strong field

of talent from outside ensuring fresh ideas are brought into the organisation which helps positively shape the future of Council. In an effort to recognise and reward talent amongst Council employees, a variety of secondment opportunities have been offered resulting in further professional and career development for staff.

The recent development of an internal Student Placement Portal through the Inner Melbourne Action Plan (IMAP) Project has fostered better relationships with secondary schools and tertiary institutions. This online system streamlines the process for students and Council's administrators allowing easier access to the working environment and the types of roles offered within local government.

The process improvements developed in the previous year, including the introduction of a user-friendly e-recruit system and an internal recruitment portal have led to a much more streamlined process for both recruiters and candidates, with a marked improvement in candidate management.

The challenges for the year ahead are to further develop employment inclusiveness by promoting Council as an employer of choice to targeted groups such as people with disabilities and our Aboriginal community.

Our People

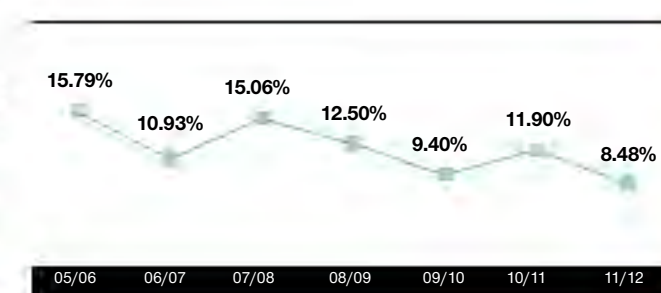
FIGURE 1.9 STAFF PROFILE

	Male	Female	Total
Full-Time	267 (57%)	199 (43%)	466
Part-Time	55 (28%)	139 (72%)	194
Casual	77 (35%)	142 (65%)	219
Total	399	480	879
Executive	4	2	6
Managerial	11	7	18
Non-managerial	384	471	855
Total	399	480	879

Annual Staff Turnover

The annual turnover for the 2011/2012 year is 8.48% – this has decreased from previous years.

FIGURE 1.10 ANNUAL STAFF TURNOVER
(OF FULL-TIME AND PART-TIME EMPLOYEES)



Equal Opportunity

Council has continued to develop and promote its network of Contact Officers. Contact Officers are professionally trained employees with a demonstrated reputation of integrity, objectivity and credibility. They are committed to Equal Opportunity, Diversity and Equity principles. In addition to this network, Council continues to run a rolling program of diversity and equality related training, this year focussing on Respectful Workplace Relationships and conflict management.

The City of Stonnington has a Staff Consultative Committee in place, comprising members of staff, management and union representatives who meet quarterly to discuss matters relating to the Enterprise Agreement and Equal Opportunity.

FIGURE 1.11 ENSURING EQUAL OPPORTUNITY

EEO Statistics	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Training sessions conducted	8	16	24	9	10	8	20
Employees attending training sessions	160	257	251	82	118	122	250
EEO reports raised	4	5	5	0	0	0	4
EEO reports investigated internally	4	5	5	0	0	0	4
EEO reports investigated by EO Commissioner	0	0	0	0	0	0	0
EEO reports dismissed by EO Commissioner	0	0	0	0	0	0	0

KEY ACHIEVEMENTS

- 2011 Engagement Survey and department action planning
- Implementation of e-Recruit, an online employment system that streamlines recruitment processes for the organisation and applicants
- Design and implementation of various online induction modules
- Design and implementation of an informal recognition initiative the 'e-Card'
- Taking a lead role in local government advocacy for modern award processes and the long service leave regulations review
- Redesign and launch of new branding of our Blue Horizon cultural development program
- Development and roll-out of Respectful Workplace Relations training for managers and staff
- Reduction in excess annual leave through the 'No Leave No Life' program
- Introduction of mandatory psychometric testing for recruitment purposes

CHALLENGES

- Ageing workforce
- Negotiating an enterprise agreement within the context of the current economic environment that provides a fair and sustainable outcome for all parties
- Reduction in WorkCover claims and improvements in return to work rates

PRIORITIES FOR 2012-2013

- Enterprise Agreement negotiations 2013
- Improving our customer service and service standards
- Leading the organisation to further improvement on our already high level of employee engagement
- Reviewing our WorkCover and Injury Management program



OCCUPATIONAL HEALTH AND SAFETY



Policy

"The City of Stonnington is committed, so far as is reasonably practicable, to providing and maintaining a working environment for employees, contractors, and members of the general public that is safe and without risks to health. Our commitment is a management priority covering all operations and functions, including those where our people work off site, and extends to ensuring our operations do not place the community at risk of injury or illness.

Meeting this commitment requires teamwork, with employees and contractors at all levels cooperating in order to ensure that a safe environment is maintained for everyone. All staff will receive the necessary training to work safely, and to participate in health risk programs."

Stonnington Council continued to demonstrate its strong commitment to Occupational Health and Safety (OHS) in 2011/12. Council's stated aim of achieving Council-wide accreditation against Australian/New Zealand Standard 4801 (OHS Management Systems) by the end of the financial year, was achieved in two stages. Three Divisions were accredited in November 2011 with the remaining two Divisions accredited in June 2012. This is the first time Stonnington, as a whole, has achieved AS/NZS 4801 accreditation and reflects the significant commitment made by the Management and Staff of Council to provide and maintain a working environment for employees, contractors and members of the general public that is safe and without risk to health.

Key points addressed during 2011/12 include:

Reporting

The Executive Management Team of Council were provided with a monthly report on OHS including progressive statistics, incidents, strategy, training, activities, new and revised procedures. The AS/NZS 4801 Implementation Committee, established in 2010/11, continued to meet throughout the year and received reports and actions plans regarding Council's progression to External Audit and accreditation under the Standard. Further, OHS reporting is provided to the Audit Committee quarterly and the Council every six months. OHS is a standard agenda item for all team meetings.

Objective and Targets

Key Performance Targets have been developed for the Council Plan and the Risk Management Strategy Action Plan (2009-2012) reports on the progress and status of the Plan. OHS Objective and Targets were established and approved by both the OHS Committee and the Executive Management Team in September 2010. The Action Plan and the OHS Objectives and Targets will be reviewed and updated in 2012/13 for the next period.

AS/NZS 4801 Occupational Health and Safety Management Systems (OHS)

ACCREDITATION PROGRESS

Council has undertaken the following during the year in preparation for External Auditing of its OHS Management System:

- Training and raising awareness of OHS responsibilities of all staff and their knowledge of the OHS Policy and Procedures contained within the OHS Manual.
- Advancing the usability and content of the Risk Register and online incident recording.
- Internal auditing of Divisions of their understanding of various Policies and Procedures and to confirm compliance with legislation and the requirements of the Standard.

The OHS Service Plans of three Divisions of Council were presented for External Audit in November 2011 and successfully achieved accreditation. The remaining two Division's Plans were presented for External Audit in June 2012 and were also successful in achieving accreditation under the Standard.

TRAINING

Ongoing induction and refresher training of staff and contractors is important to ensure everyone understands their work responsibilities for safety in their local work environment. It also ensures that anyone who attends a work-site, knows the safe working procedures for those areas in accordance with Council's requirements.

During 2011/12, Council delivered the following:

- OHS Induction (for 56 new staff) and a refresher course for the OHS Committee
- Manual handling training
- Departmental/Unit specific safety training
- Contractor induction
- Confined spaces training
- Chemical register training
- Risk Register training
- First Aid and Cardio-Pulmonary Resuscitation training
- Warden training and evacuation drills

Council also arranged training by external providers for Health and Safety Representative (HSR) initial training and refresher training for existing HSRs.

HEALTH CHECKS

Regular checks are conducted for

- High risk areas and work station assessments as required
- Hearing
- SunSmart

CHEMWATCH

Staff have had training on the Chemical Register used by Council to further populate the register and attach the necessary Material Safety Data Sheets and manage any hazards or risks that certain chemicals pose to the health of individuals.

OHS MANUAL AND SERVICE PLANS

The OHS Manual (which contains Council's OHS Policy and Procedures) and the Service Plans of the 5 Divisions continued to be reviewed and updated throughout the year to ensure that they reflected the ever-changing safety landscape. In particular, the Service Plans were assessed through the internal audit program, for their ability to deliver a safe workplace and to achieve the requirements of AS/NZS 4801 (OHS Management Systems).

The OHS Manual is scheduled for review in 2012/13 in order to align the document with the requirements of the above Standard.

INTERNAL OHS AUDITS

A program of internal audits against Council's OHS Policy and Procedures was undertaken for all five Divisions of Council throughout the period. These audits were designed to assist staff in preparation for External Auditing against AS/NZS 4801 and tested the Divisions in their understanding of the requirements of the Standard. All internal audits were delivered against the schedule. These internal audits, delivered prior to external auditing, ensured that the Divisions were fully aware of their OHS responsibilities and confirmed that Council's OHS management system was fully operational within their work units. It reflected a significant commitment from each Division.

OHS COMMITTEE

The OHS Committee meets quarterly and has a strong group of representatives who share information and inform others of what is happening in their work unit.

This is the forum for consultation with staff to commence the review of policies or creation of new policies, and other matters associated with OHS. The OHS Officer and Injury Management Officer also advise on what is happening in the field. The OHS Committee minutes are distributed and placed on the OHS noticeboard, as well as department meeting minutes. Further evidence of consultation structures are contained in the OHS Manual with three procedures that relate to consultation: Issue Resolution, Consultation and Communication, and Designated Work Groups.

EMERGENCY AND EVACUATION MANAGEMENT

Warden training was provided for all workplaces throughout the period and a program of trial evacuations was scheduled and conducted. Emergency procedures are reviewed annually.

HARMONISATION OF THE OHS ACTS

The adoption of the Work, Health and Safety Act on 1 January 2012 (designed as State legislation with the aim for all States and Territories to have consistent OHS legislation) was deferred by the Victorian Government for 12 months to allow further considerations of the implications of this proposed legislation on Victorian business and organisations. Stonnington continues to review the concepts and application of the proposed legislation to be ready for its potential adoption in the future.

SAFETY WEEK 2011

A successful week of programmed safety events and activities was undertaken in the last week of October 2011. Based on the theme of 'Switch onto Safety', events were

conducted at all of major facilities of Council and focused not only around workplace safety but also work/life balance.

Events included 'back care', acrobatic entertainment (designed to deliver safety messages through different sensors), a safety word find Sudoku, a poster competition for the 2012 Safety Week and presentations on physical preparedness of the individual for their work.

PROCUREMENT POLICY

The Procurement Policy was made under Section 186A of the Local Government Act 1989. This section of the Act requires the Council to prepare, approve and comply with a Procurement Policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by the Council. The policy applies to all contracting and procurement activities at Council and is binding upon Councillors, Council officers and temporary employees, contractors and consultants while engaged by the Council. This Policy is to be read in conjunction with the OHS Purchasing Policy Procedure – Procedure OHS A 4.2, among other Council policies.

FIGURE 1.12 WORKSAFE KEY PERFORMANCE INDICATORS

KPI	2010/11	2011/12
1 Number and rate of incidents	179 incidents (3.44 per week)	162 incidents (3.11 per week)
2 Number and rate of standardised claims	49 new claims registered. Of these, 15 (30.61%) were standard, or upgraded to standard claims	45 new claims registered. Of these 16 (36%) were standard claims
3 Number and rate of time lost claims	27 (0.52 per week)	22 (0.42 per week)
4 Number of claims exceeding 13 weeks	2	5
5 Number of fatality claims	0	0
6 Average cost of claim	\$1820.08	\$942
7 Percentage of total claims lodged who have Return to Work Plans	17.02% (not required for all claims)	17.65% (not required for all claims)
8 Evidence of OHS Policy Statement, OHS objectives and regular management reporting	See comments above	See comments above
9 Evidence of OHS criteria in purchasing guidelines	Included in Policy	Included in Policy
10 Evidence of consultation structure	See comments above	See comments above
11 Percentage of Internal Audits/Inspections conducted as planned	100%	100%
12 Percentage of management and staff who received OHS training	50% covering training listed above 80% being education on policies and procedures as part of review	30% following on from previous 2 years of heightened OHS training and awareness.

WorkCover

City of Stonnington (including Streetsahead Joint Venture) has seen an overall increase in the number of Standard Claims recorded in the year 2011/12. However it should be noted that five claims were upgraded to Standard Claims on the basis of payment of medical expenses only, without weekly compensation payments; and three claims that were recorded as Standard Claims were successfully contested and no weekly compensation was paid.

The only costs related to these claims is investigation costs (independent medical examination and/or circumstantial investigations) and, in one case, reimbursement of limited medical expenses agreed at conciliation.

A review of the WorkCover performance at Streetsahead shows a 59% improvement in number of claims lodged over a three year period and this is further enhanced by a 75% improvement in new lost time claims lodged.

Despite an increase in the overall number of Standard claims registered across the organisation City of Stonnington, in particular, has continued to contain costs and number of days lost relating to these claims. From a peak of 657 days lost in Standard claims in 2009/10, this reduced to 146 in 2010/11 to 132 in 2011/12. This represents a further 9.6% decrease in number of days where weekly compensation payments were made over the past year and a 79% improvement over the three year period.

FIGURE 1.13A WORKCOVER CLAIMS LODGED 2011/2012 CITY OF STONNINGTON

	2009/2010	2010/2011	2011/2012
Nil Time Lost	15	17	17
Time Lost – Weekly	26	17	27
Compensation paid			
Total Claims Lodged	41	34	44

The City of Stonnington's Average Time Lost Rate for the current year stands at 7.33, with the Industry Average currently 14.46. Claims costs have decreased by 50.33% in the past year. City of Stonnington's Claims Cost Rate for 2011/12 is 0.27 while the Industry rate is 0.47. The Claim Frequency Rate (No of Claims per \$million wages) for 2011/12 is 0.42 while the Industry Rate is 0.48.

Streetsahead Joint Venture has recorded significant improvements in the number of new claims registered and in the number of new lost time claims for the year to date. This is underlined by a 45.3% improvement in the Average Time Lost Rate. The average claims costs have increased in the current reporting year by 39.2%. This figure has been influenced by at least four extensive surgeries (two of these from claims lodged in earlier reporting periods) as well as one critical incident.

The Claim Frequency Rate for the current year is 1.42, with the Industry Average Rate being 0.48. While this has increased for 2011 alone, it represents a significant improvement over the three year period between 2009/10 – 2011/12. In 2009 the WorkCover agent reported the Claim Frequency Rate to be 3.09 – 54.04% higher than the current rate.

FIGURE 1.13B WORKCOVER CLAIMS LODGED 2011/2012 STREETSAAHEAD

	2009/2010	2010/2011	2011/2012
Nil Time Lost	10	5	7
Time Lost – Weekly	12	10	4
Compensation paid			
Total Claims Lodged	22	15	11



RISK MANAGEMENT



Risk management is recognised as an integral part of good management practice and as an important aspect of Council's governance. Effective risk management supports informed decision-making and encourages the identification of opportunities for continuous improvement.

Risk management applies across the whole organisation and a range of specific functions, projects and activities. It includes Occupational Health and Safety, Human Resources, Public Liability, Professional Indemnity, Financial and Information Technology risk, public image, reputation and governance.

Council has policies and procedures in place to manage, avoid or minimise potential risk that may impact on our community. The principles supporting these policies are found within the International Standard ISO 31000: Risk Management – Principles and Guidelines. In 2012/13, Council will seek certification of its Risk Policy and Procedures under this Standard via external audit.

Internal Organisational Review

In March 2012, Council undertook an internal review of its Risk, OHS and Contracts compliance functions which resulted in the creation of a new Department of Risk Management and Contracts Compliance. The review was as a direct result of Council wishing to continue to strengthen its focus and resources in these functions. Of significance, are the appointment of a dedicated manager to head up the Department and the creation of a new OHS Coordinator position. These increased resources will enable the functions of Risk and OHS in 2012/13 to be delivered separately while maintaining their interconnectivity by operating within the new department which also delivers on Contracts compliance and reduces Council risk. The new department will also enable Council to address a number of the areas identified in internal and external audits and better position Council to respond to changing legislation and government requirement.

Reporting

Council's Risk Management Strategy and Action Plan were reviewed during the period. The current Plan covers 2009–2012 and covers 28 action areas with 112 action items being addressed or completed. Key performance criteria have been developed for inclusion in future Council Plans for both Risk and OHS.

Risk Register

A risk is defined as the possibility of something happening that impacts on your objectives. It is the chance to either make a gain or a loss. It is measured in terms of likelihood and consequence.

To assist staff in assessing risk within their own Units, Council reviewed and upgraded its Risk Register and transferred its risks to a new format. The Risk Register is also used for OHS risks and training on the improved system was conducted for each new upgrade.

In 2012/13, Council will undertake a complete review of its Risk Profile with a view to strengthening its understanding and control of these risks. This review will include consideration of its current Risk software against industry standards to ensure that Council continues to improve risk management.

Insurance

Jardine Lloyd Thompson, Liability Mutual Insurance and JMAPP manage Council's insurance portfolio. In negotiating insurances in 2011/12, Council had to contend with an insurance market which had hardened due to a number of well publicised natural disasters over the previous nine months, both locally and around the world. There continues to be upward pressure on premiums which will have an impact for several years to come. Insurance Premiums for 2012/13 are anticipated to rise by an average of 10% across the portfolio. Intense weather events continue to be of concern.

A liability audit of Council's public liability risks was undertaken in February 2012 by Liability Mutual Insurance and a total score of 82% was achieved. The audit included the following elements:

- Organisational risk management
- Reactive risk management
- Proactive inspections
- Written agreements
- Building services/town planning
- Food

In 2012/13, the Risk Management Unit will focus on those areas identified in the audit for improvement, to improve Council's overall result.

Business Continuity and Disaster Recovery Plan

The Business Continuity and Disaster Recovery Plan was reviewed and amended in line with changes in relevant legislation during the period including keeping contact lists up-to-date. A desk-top simulation of the Plan is scheduled for July 2012. Sub-plans for each Division will be developed to support and direct those Divisions in the event of a localised incident/event, and to provide valuable feedback to the main Disaster Plan Committee and in accordance with the Business Continuity Policy.

Training

The Risk Management Coordinator continues to provide induction training to new staff members on Council's Risk Unit functions and how risk impacts on their services. The Coordinator also assisted in a number of other training programs for contractors and the operation of Council's risk software.

BUSINESS SYSTEMS AND TECHNOLOGY

Council's IT and Business Systems Strategy 2011–2013 aims to support excellence in service delivery by delivering effective and integrated system solutions. The Strategy has guided the progressive upgrade of Council's technology infrastructure and business systems during the year through the use of innovative technology to improve business efficiencies and services.

The achievements during the year were driven by the following principles:

- Consolidating technology platforms to a standard Microsoft environment;
- Optimising systems performance through integration and reduced redundancy;
- Reducing overhead and operating costs for separate licences, maintenance, administration and support.

Achievements for 2011/12:

- Successful migration of the corporate email system from IBM Lotus Notes to Microsoft Exchange 2010 / Outlook 2007.
- Finance system upgrade from Technology 1 Finance Cs. Version. 11.03 to Technology 1 Finance Cs. Version. 11.09.
- Property and Rating system upgrade from Technology 1 Proclaim Classic Property and Rating Version.9.09 system to Technology 1 P&R Version 10.04 commenced (scheduled to complete late 2012).
- Continued migration of core business databases from Lotus Notes to the Microsoft SQL.NET platform.
- Payroll system Aurion upgrade from version 10.1 MR5 to version 10.2 MR4.
- Core network Microsoft AD infrastructure upgrade to Active Directory 2008 commenced (scheduled to complete late 2012).
- Council's data reporting software platform upgraded to Crystal Reports 2008.
- Installation of a high capacity data storage system at Malvern to handle the increasing rise in corporate data. The same system is scheduled to be installed at Prahran in late 2012.
- Continued redevelopment of Lotus Notes Disabled and Resident Parking Permit System to Microsoft SQL.NET environment (scheduled to complete in late 2012).
- Installation of new staff training facilities at the Stonnington Depot training room.
- Airwatch Mobile Device Management (MDM) and Security Suite installation and deployment to Stonnington mobile devices.
- Development of Apple iPads for Councillor access to council email and information pertaining to Council Meetings and Briefings.
- Development and roll-out of the new Stonnington Rooms, Resources and Vehicles internal booking system.
- Minor business systems and applications upgrades:
 - Aged Care Services Carelink plus Version. 3.8 upgrade to Version. 3.10.
 - Maternal and Child Health Services MACHS system upgrade from Version. 10 to Version. 11.
 - Hall bookings system RMS upgrade from Version. 8.11.472 to Version. 8.11.841.

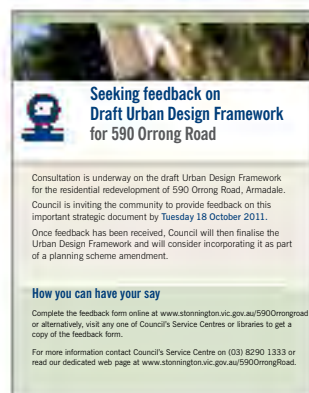
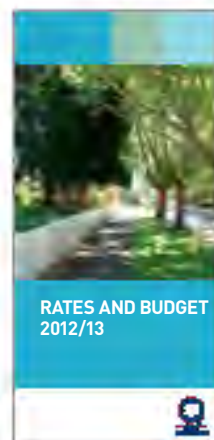


COMMUNICATIONS AND ENGAGEMENT

Communicating and Engaging with our Community

Stonnington has strengthened its focus on communications through the development and implementation of an Integrated Communications and Marketing Strategy, which addresses the areas of: Strategic Communications; Internal Communications; Publications; Media and Advertising; Digital Communications; Consultation and Engagement; Customer Service; Events; Marketing; Advocacy; Accessible Communications; and Targeted Communications.

Stonnington implemented a total of 65 Actions (75 per cent) out of a total of 87 actions to be carried out over the three years (2011–2013) and is on target.



Communications Statistics and Achievements

- A total of 538,216 page visits to the Stonnington website (www.stonnington.vic.gov.au) were measured in 2011/12. This is an average of 44,851 visits to the website per month, higher than previous years, following the redevelopment of the website.
- Council continued to provide information to the community on a range of services, projects, activities and events, and to encourage participation, through: Communications, marketing and promotions for 16 major events and festivals (including Fashion events, Jazz events, Carols, Symphony, Spring Into Gardening, Pets, Opera, Viva Youth Festival, and Flavours).
- Over 168 publications were produced (ranging from library activity brochures, accessibility and health newsletters, sport and recreation program brochures, seniors brochures, business seminars and 'Grow with Us' family program brochures).
- 6 editions of In Stonnington community magazine were produced – sent to all residents and businesses.
- 11 half-page advertorial columns featured in the Stonnington Leader newspaper.
- Over 30 individual advertisements (classified and display ads) were placed in the Age, Melbourne Weekly and Leader).
- 357 media releases and responses were issued.
- A digital communications strategy was prepared and implemented and a number of achievements included Stonnington website home page redesign, social media initiatives, mobile website launch, capital works interactive map, and the use of digital communications and QR codes in event promotions.
- A Gold Award was won from the Australasian Reporting Awards for the Annual Report.
- A Mainstreet Award (in the Metropolitan Local Government Award category) was won for the What I Love About Stonnington campaign – an initiative to promote business precincts in partnership with local trader groups.
- An Employment DVD was produced to encourage employees to Stonnington as a workplace of choice.
- An Aged Services DVD with translations was produced to assist clients with access to and information on Council services.

Communications, Advocacy and Consultation projects included:

- 590 Orrong Road Consultation
- Chadstone Amendment Consultation
- Saturation Advocacy
- Street Tree Pruning and Powerlines
- Business Precinct Communications
- Yarra River Biodiversity Project
- Footpath Trading and Awnings Policy

ENVIRONMENTAL MANAGEMENT

Sustainability in the City of Stonnington is about improving the environmental, social, cultural and economic quality of life for our community without compromising the ability of future generations to do the same. Council's role is to provide leadership in environmental performance and we strive to continually reduce the environmental impact of providing our services.

Council works in close partnership with residents, community groups, businesses and other government departments to develop policies which actively promote environmental sustainability.

Highlights

- Stage 1 of the Yarra River Biodiversity Project was completed with more than \$1 million to increase habitat connectivity, improve water quality and provide recreational and educational opportunities. Stage 1 works were completed along the Yarra River at Grange Road and Punt Road and included the construction of a wetland system to treat stormwater run-off and provide habitat for bird, animal and fish species. The bicycle path was upgraded and a pedestrian boardwalk was installed.
- The second stage of the Como Park North/Thomas Oval Masterplan implementation was completed in 2011–12.
- Three sportsgrounds were resurfaced with warm season grasses during spring 2011, including Orrong Oval, Kooyong Park – Peter Birrell sportsground, and Kooyong Park – Peter Ferrie Oval. Sub-surface drainage was constructed at Waverley Park Oval.
- Council continued working with local school teachers and students through the Stonnington Green Schools Network program, to educate students on sustainability – both at home and at school. This included tree planting and Waterwatch.
- Council held a wide range of environmental information sessions throughout 2011/12 to educate the community on sustainability.
- The Spring Into Gardening event attracted 6000 people to Victoria Gardens to explore sustainable gardening and living options.
- Lighting upgrades have also been completed at community facilities along with timer switches on hot water systems and air conditioners which will reduce green house gas emissions by 64 tonnes.
- Council's current street lighting upgrade program continued with \$100K spent this year to change 180 streetlights over to a more energy efficient T5 fitting providing a 67% reduction in energy consumption of each light, reducing Council's greenhouse gas emissions by approximately 68 tonnes and reduce electricity charges by approximately \$6,700 annually.

For more information refer to the Environment Section on page 10.

BEST VALUE VICTORIA REPORT

Best Value was introduced by the State Government in 1999 with the overall objective of encouraging Local Government to achieve high community satisfaction based on service excellence and continuous improvement.

The Local Government Act 1989 incorporates the six Best Value Principles, which require Council to ensure:

- All services meet quality and cost standards.
- All services are responsive to local community needs.
- Each service is accessible to those for whom it is intended.
- Continuous improvement in the provision of services is achieved.
- A program of regular consultation with the community in relation to the services provided by Council is developed.
- Achievements in relation to the Best Value Principles are reported to the community at least once a year.

In 2000, the City of Stonnington developed a Best Value approach (Figure 1.15) comprising of four steps:

- Understand the need
- Agree what's required
- Deliver what's agreed
- Evaluate and continuously improve

Between 2001 and 2005, Council completed an initial program of service review and has subsequently focused on ensuring that service standards continue to be a reflection of local community needs. In 2010, Council updated its Best Value Program Service Review Guidelines. Implementation of the Best Value reviews according to this timetable commenced in 2010 and continued through 2011 and 2012.

A fundamental feature of Council's commitment to Best Value and continuous improvement is the recognition of community requirements as a main consideration in the design and delivery of services. Council actively consults with the community and the Stonnington Survey Group continues to be a valuable addition to Council's consultation methods.

A key element of Council's Best Value approach is the continued use of the Balanced Scorecard to measure performance against cost and quality standards, monitor responsiveness to customer requirements and gauge service outcome effectiveness. Council actively measures and monitors performance through Balanced Scorecards on an ongoing basis.

Best Value Reviews 2011/12

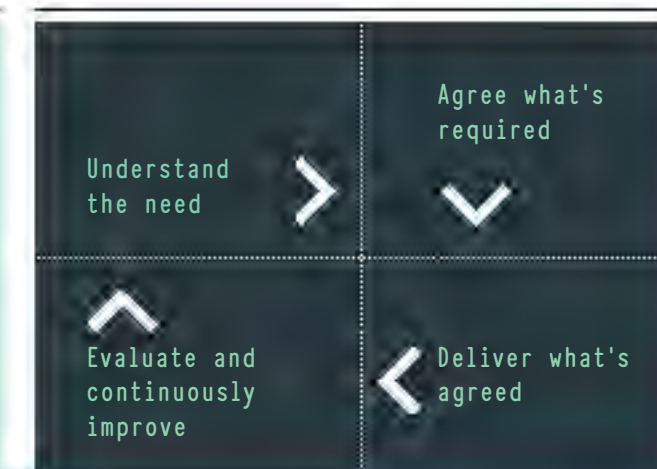
Eight Best Value reviews were undertaken during the year, with the focus on continuous improvement, customer service excellence, responsiveness and enhanced communication and engagement. The key areas reviewed in 2011/12 were:

- Internal Customer Service
- External Customer Service
- Community Engagement
- Statutory and Strategic Planning
- Economic Development
- Open Space
- Community Amenity
- Appearance of Public Spaces

FIGURE 1.14 VISION AND STRATEGY



FIGURE 1.15 THE STONNINGTON BEST VALUE MODEL



BALANCED SCORECARD REPORTING

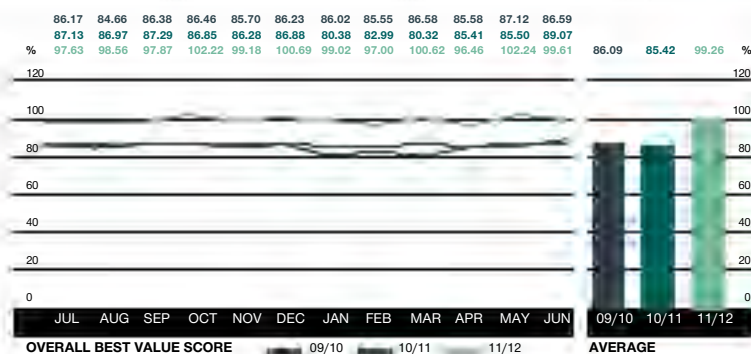
The Balanced Scorecard is used to measure Stonnington's performance against cost and quality standards, monitor responsiveness to customer needs and gauge service effectiveness

Note: Results for 11/12 are not strictly comparable to previous years due to a change in calculation methods for Key Performance Indicators.

ORGANISATION

Council's overall performance has remained high this year, as reflected in the individual unit summaries following. A number of initiatives have been implemented across the organisation to improve performance, including AS 4801 accreditation for Occupational Health and Safety.

The development of a new Risk Management and Contracts business unit, in 2011/2012, is expected to provide future gains in service effectiveness and quality. To increase efficiency, a restructure in 2011/2012, saw the Transport and Parking Unit moved to the City Works Division and the Animal Management Unit moved to the Environmental Health Department, from the new financial year.

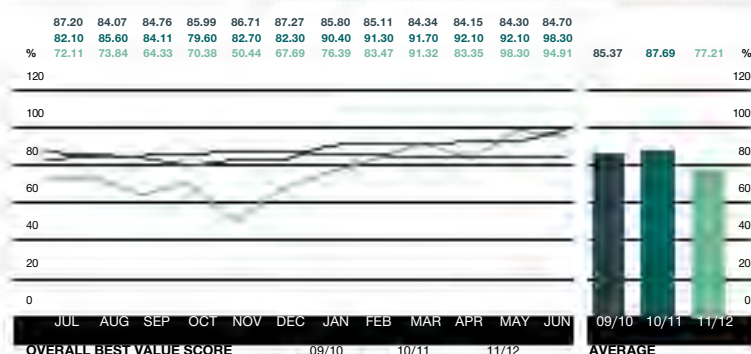


FINANCE SERVICES

Finance Services delivered service improvements over the year, leading to a steady improvement in balanced scorecard results during 2011/12.

Improved service quality was delivered through improved accounting controls during the last six months, increased responsiveness through improved Finance system help desk support, and by achieving a strong whole of organisation operating financial position.

The balanced scorecard measure for 2011/12 was adversely affected by the government requirement to bring to account a superannuation unfunded liability call of \$11.5 million.

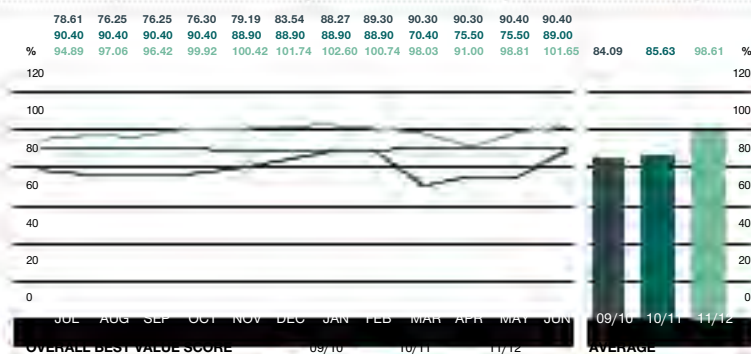


HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

The Employee Engagement Survey for 2011/12 showed a high participation rate of 77.4%, an increase of 1.8% compared to the previous survey.

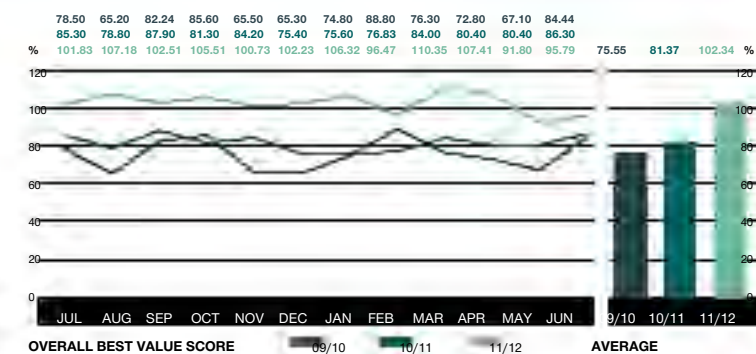
Cultural behaviour has improved significantly between 2009 and 2011, showing strongest improvement in supportive leadership (3.85%) and empowerment (3.08%). There was also improvement across all of the pillars of supportive leadership; empathy, clarity, engagement and learning that underpin wellbeing, motivation and performance.

Over the coming year, Council will focus on gaining further improvements in professionalism, accountability and service provision.



INFORMATION TECHNOLOGY

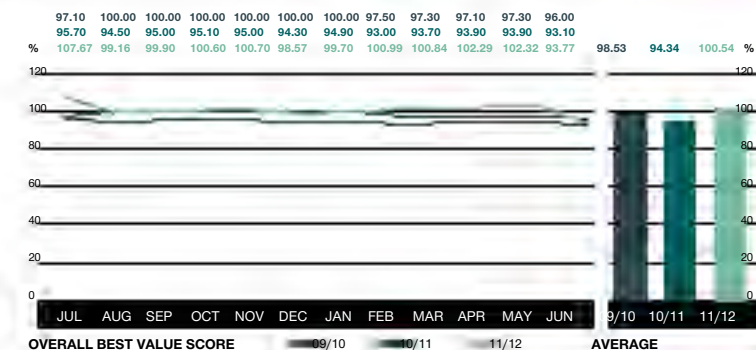
Council continued to provide quality support services to end users in 2011/12. Performance improved, following high help desk resolution rates, which were sustained above 90% throughout the year. This was complemented by high systems and network availability.



RATES MANAGEMENT

The overall rate collection target was achieved, with a strategic and flexible approach being taken to recovering debts, including implementing alternative methods to secure payment. A concentrated effort to resolve very long-term debts resulted in a number being paid in full.

The completion of some major unit developments saw a slight increase in the receipt of land transfers and the issuance of land information certificates. The use of new technologies will provide the opportunity for improved service delivery, in particular the electronic access to property information and notice delivery.



VALUATIONS

The Valuations Unit showed strong performance in cost areas, particularly fees earned from other authorities using Council valuations. This saw a marked rise in performance toward the year end.

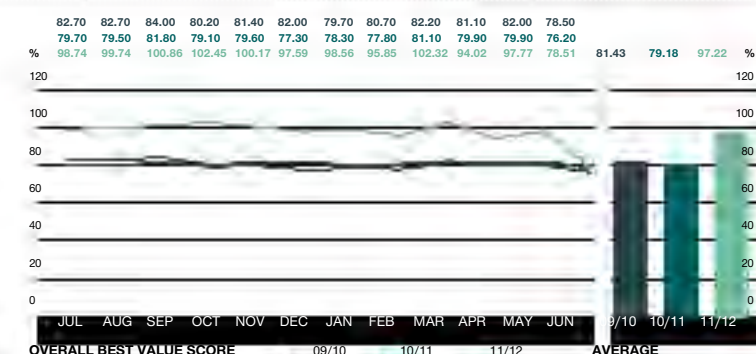
Being a General Revaluation Year, a major achievement was returning a current valuation on all of the 55,000 plus properties in Stonnington with a total value exceeding 57 billion dollars.



BUILDING CONTROL

Building Control Services showed high levels of effectiveness in using permits and enforcement processes to manage and respond to Building Local Law issues from increasing large-scale development. Building permit assessments for Council's Major Projects Unit, assisted in the delivery of Council's capital works program.

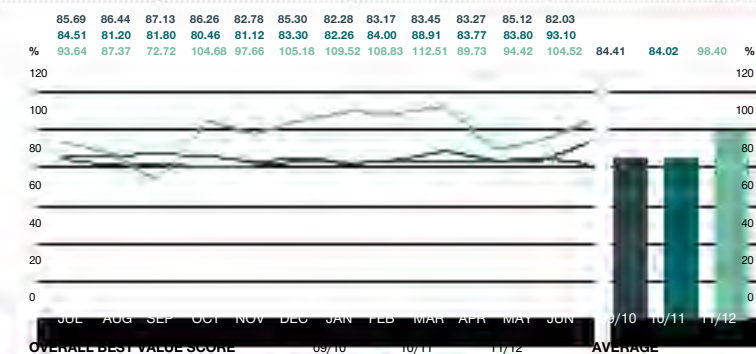
Responsiveness was affected somewhat by staff shortages during the year. A professional development program for staff resulted in the registration of two staff as Unlimited Building Surveyors and the Unit participated in the accreditation of the directorate under Australian Standard 4801 *Occupational Health and Safety Management Systems*.



PARKING CONTROL

Parking Control performed well over the year with costs well controlled and kept under budget. Revenue collected was above budget. This was achieved by the contractor reducing staff turnover, thus retaining experienced staff and increasing the number of infringements issued.

Infringement payments collected prior to court lodgement, were an average of 2% above the expected rate.

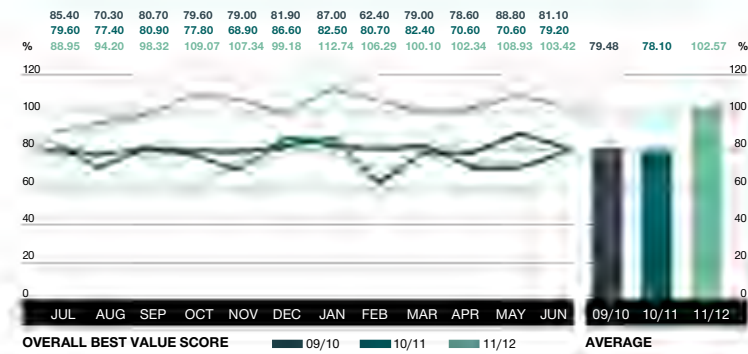


STATUTORY PLANNING

Statutory Planning performed well during the year to meet Best Value targets.

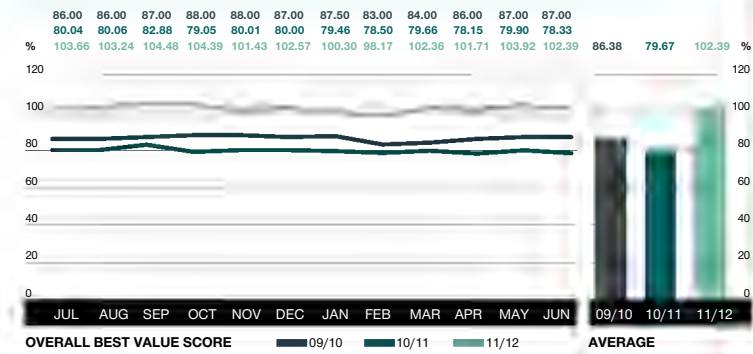
Quality results exceeded targets as a result of the ratio of decisions made being higher than incoming applications, amendments and enquiries.

Effectiveness fluctuated somewhat during the year as a result of VCAT overturning Council decisions and, from time to time. Council decisions varying from officer recommendations.



STREET CLEANING SERVICES

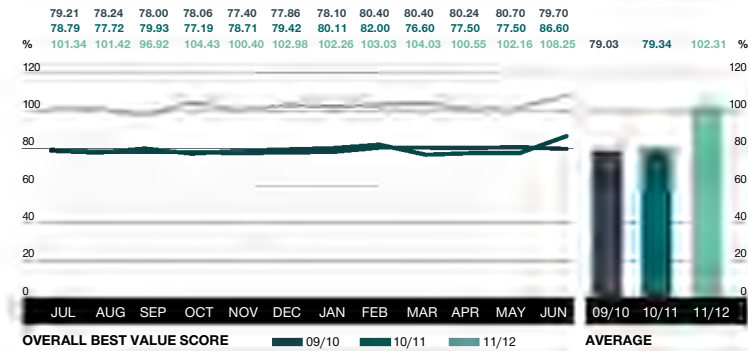
Streetsahead street cleaning services maintained a consistent high level of service, completing the programmed schedule of street cleaning for the year. The acquisition of new street cleaning plant and equipment during the year increased efficiency and productivity.



TRANSPORT AND PARKING

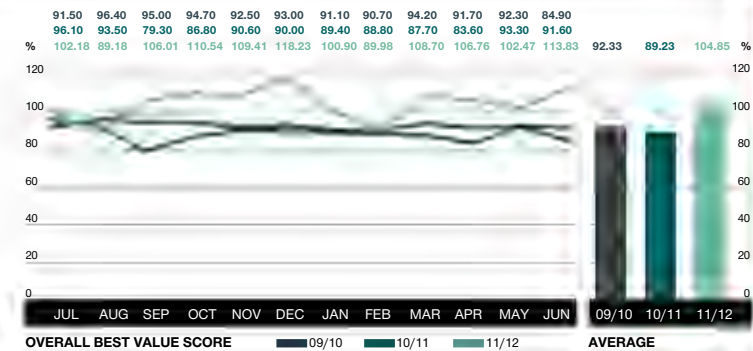
The Transport and Parking Unit performed well throughout the year. Operating costs across all cost centres were controlled and favourable. This was achieved by savings in car park contractor payments, lighting maintenance within car parks and internal signage maintenance. Furthermore, Council's multi-deck and at-grade car parks performed extremely well, with revenue collected well above budget.

Approval was obtained for a number of road safety improvements including a pedestrian crossing, one way traffic flow, installation of speed cushions at a number of locations, rollout of a 40 km/h speed limit in seven local traffic areas in Windsor/Prahran/South Yarra, and the implementation and promotion of the use of taxi ranks in the Chapel Street entertainment precinct.



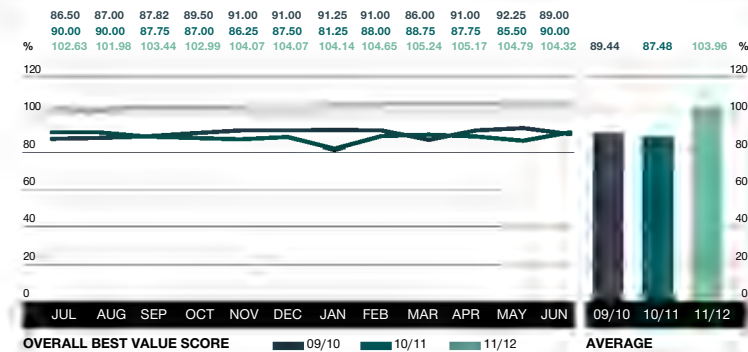
WASTE MANAGEMENT SERVICES

Waste Management services continued to build on performance from last year, completing 2,115,000 garbage bin collections and the biannual hard waste collection service. There is some variation in service delivery based on seasonal demand.



ENVIRONMENT AND PUBLIC SPACES

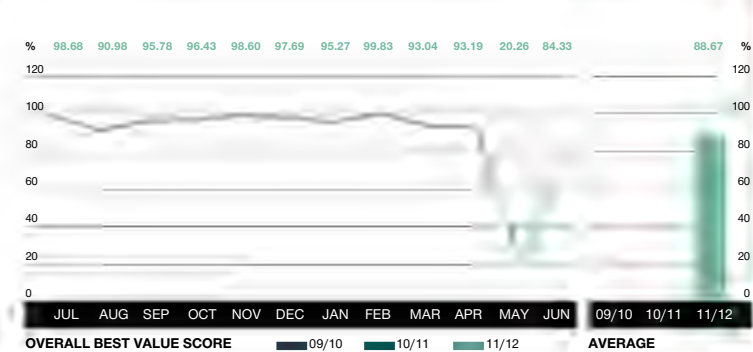
These services are delivered consistently at a high standard. The recent Customer Satisfaction Survey, undertaken across Stonnington Parks, indicates a sustained high level of community satisfaction (over 90%) with park appearance, ease of use and enjoyment.



ANIMAL MANAGEMENT

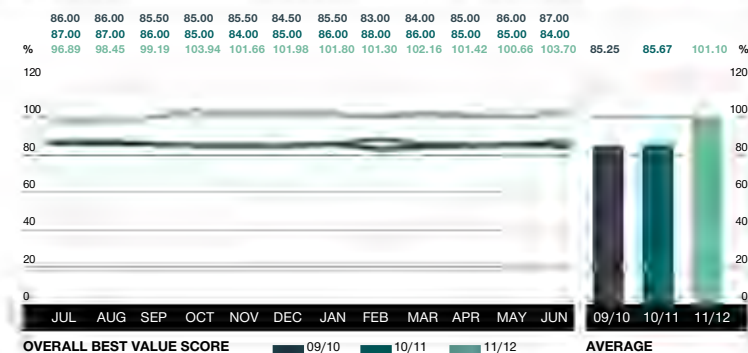
Council continues to explore improvements in compliance and education processes for responsible pet ownership. Part of this has been achieved through direct interactions with pet owners during park patrols. Improvements to the pet registration process have also increased responsiveness and efficiency within the unit. The Animal Management Unit began reporting on Best Value performance in 2011/2012.

Additional resources were allocated in May to address a high level of demand, but net spend was within budget over the year.



INFRASTRUCTURE

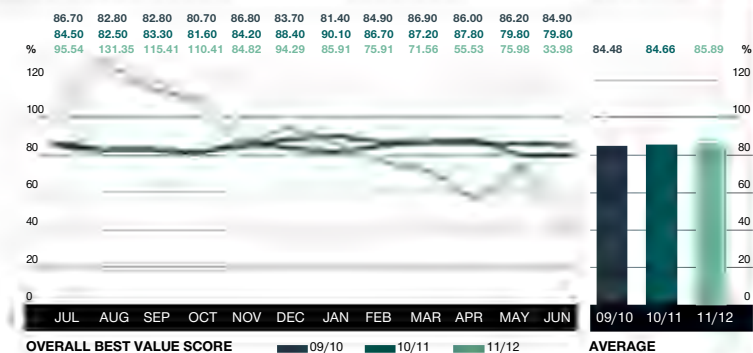
A major improvement for the Infrastructure Services area has been the development of an Asset Management System. This system will further increase efficiencies in the delivery of streetscape, road, footpath and drainage improvement projects, as well as routine maintenance in line with the Road Management Plan.



AQUATIC SERVICES

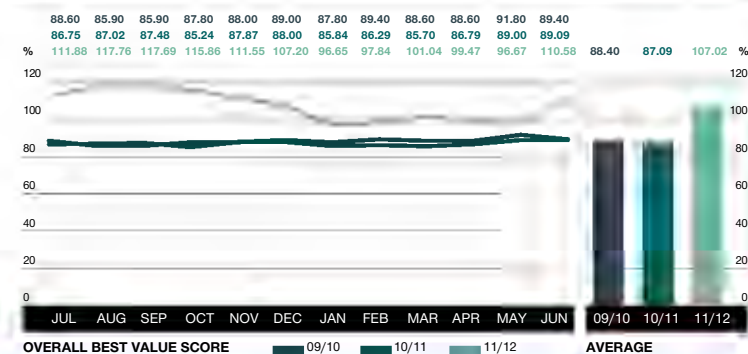
Aquatic Services continued to experience significant growth in overall attendances following the redevelopment of Harold Holt Swim Centre. While increased attendance brought additional income from the health club and learn to swim areas, additional expenditure was required to adequately service the growth and this offset the additional revenue. A cooler than usual 2011/2012 summer period also resulted in lower casual income.

Targets were set based on previous history. Given the recent Harold Holt redevelopment and Council's decision to extend Prahran Aquatic Centre opening hours, there were variations in the results against target.



RECYCLING SERVICES

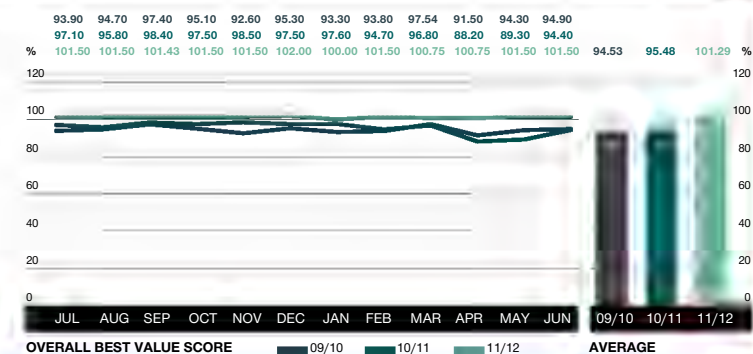
Council's recycling services improved on the high performance of last year, performing one million recycling collections. A new recycling contract commenced in April 2011, without any impact on the overall service quality.



ASSESSMENT SERVICES

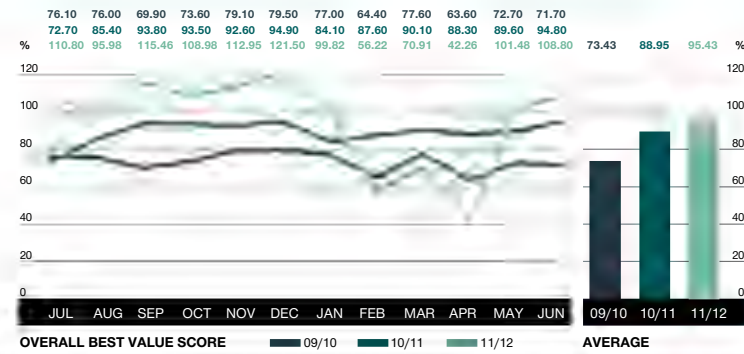
Assessment Services have consistently maintained high levels of performance across all measures. In 2011/2012, strategies were implemented to increase file management responsiveness.

Another key achievement is the Emergency Response Register, with 520 clients screened for inclusion. All new clients are now provided with information about the Register.



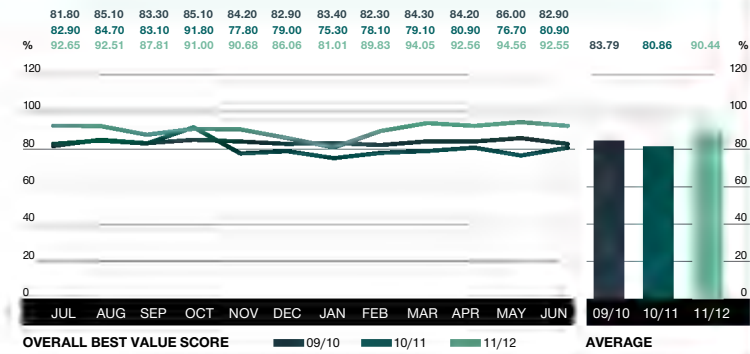
CHILDCARE

Stonnington is committed to quality childcare provision and has increased the requirements for reporting on OHS incidents and parent feedback which is reflected in the February and April data. The Stonnington service continues to offer affordable fees to families and value for each ratepayer dollar



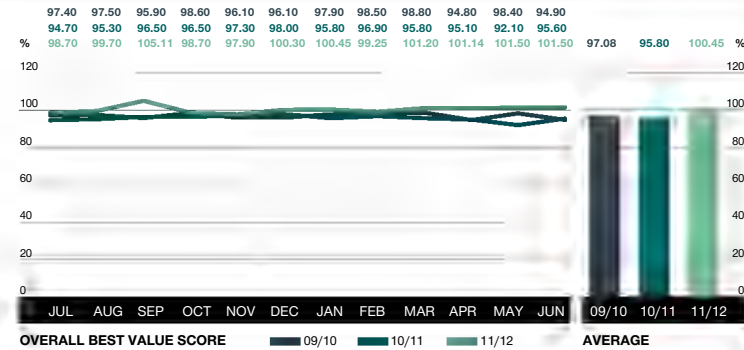
LIBRARY AND HISTORY

The number of people attending library programs and events continues to exceed all targets, indicating the important role libraries play as a community hub. In accordance with industry trends, actual library loans and visits continued to trend down as more people begin to access their library service remotely and embrace digital content such as eBooks.



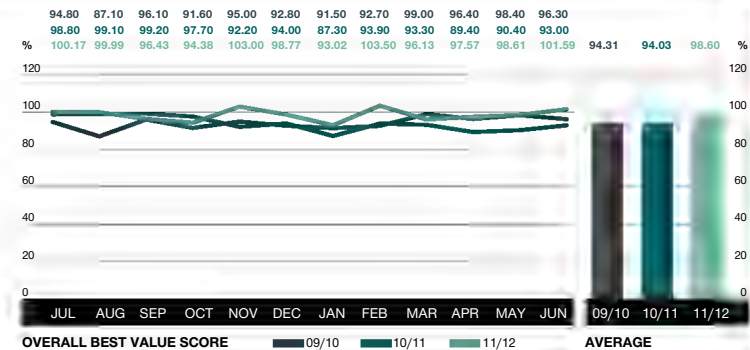
COMMUNITY BASED SUPPORT SERVICES

Community Support has delivered a consistently steady performance in all areas. New service initiatives, within the existing budget, have been recognised by increased service compliments. The introduction of the Cultural Diversity Grants Program this year allowed Council's multicultural community groups to provide a wide range of activities for Stonnington members.



MATERNAL AND CHILD HEALTH SERVICES

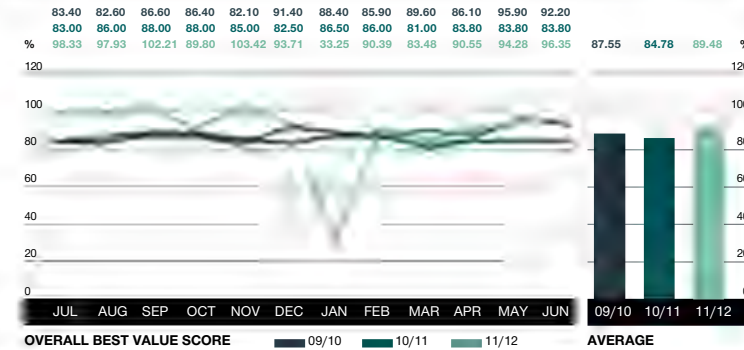
The Maternal and Child Health Service has high attendances for most key age and stage assessments, reflecting a high level of service satisfaction. The continued effort of Stonnington Maternal and Child Health nurses in promoting attendance, and the introduction of centralised appointments with reminders sent out to families that have missed a key age and stage assessment, have contributed to this achievement. The service continues to be responsive to the needs of the community through a number of parent education activities at Maternal and Child Health centres and in collaboration with other agencies.



COMPLIANCE

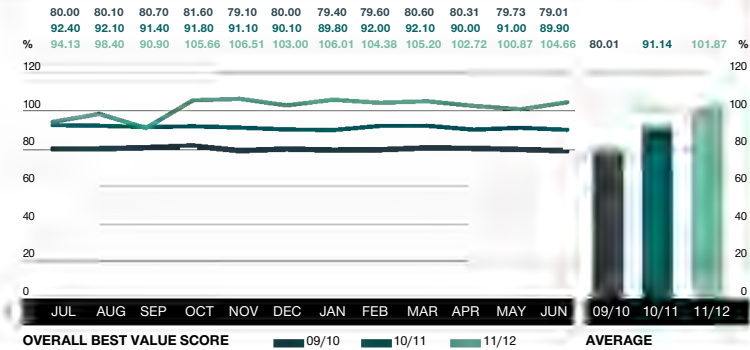
Council's investment into compliance with the Footpath Trading Code has resulted in better footpath access for the community in the retail precincts. The Unit also rolled out a street numbering program in Chapel Street to aid consumers and safety authorities.

Expenditure dropped in January due to vacant positions



RECREATION SERVICES

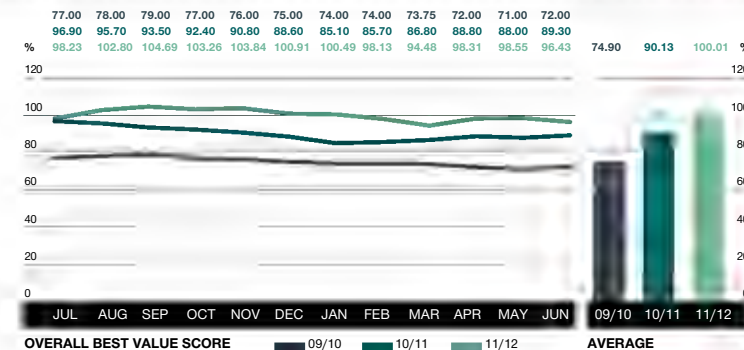
Sport and recreation participation continues to grow in Stonnington, with significant increases to facilities utilisation levels and increasing demand for a greater range and number of sport and recreation opportunities. Highlights this year included the successful launch of the Active Living Program providing an active and healthy initiative to achieve a significant increase in the number of people participating in physical activity.



ENVIRONMENTAL HEALTH SERVICES

Improved education and enforcement processes in food, health and tobacco compliance across the municipality have led to increased service quality, responsiveness and effectiveness.

This year, Council established the FoodSafe program, which aims to increase quality standards within the municipality, by recognising food businesses that achieve compliance above and beyond requirements.



SERVICE CENTRE

Service Centres reviewed business processes and updated knowledge databases to allow team members to provide high levels of customer service and meet customer needs.

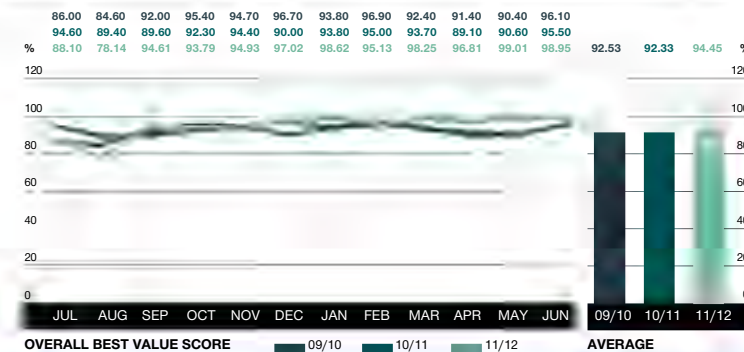
The high target of 'zero' errors was not achieved in February, which affected the result that month. This was unusual given the unit's high standards across the year.



IN HOME SUPPORT SERVICES

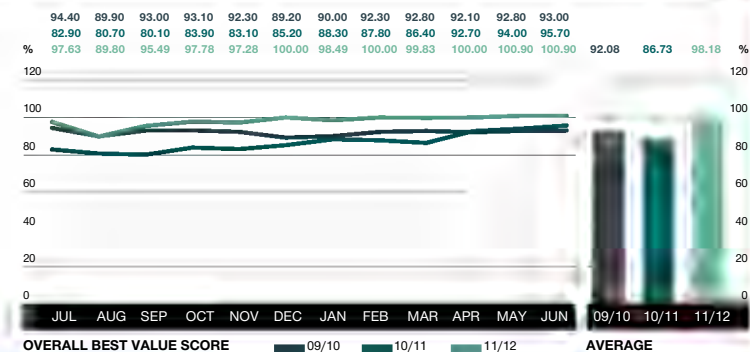
The In Home Support Unit continued to provide high quality in home services to older people, people with disabilities, and their carers, to help them continue to live independently in the community.

This year, all Council's care workers were trained under the Active Service Policy, to enhance the independent living skills of clients and reduce long term dependence on Council services.



YOUTH SERVICES

Youth and Adventure Playground Services continued to deliver a high quality service to the community, with youth events and programs achieving excellent participation rates throughout the year. State funding was also achieved for the upgrade of the Adventure Playground.



NATIONAL COMPETITION POLICY COMPLIANCE

When applying the Best Value Principles, Council is also cognisant of its obligations to comply with National Competition Policy and associated Competitive Neutrality Principles. As part of its approach to Best Value an annual review of Council's Significant Business Activities is undertaken whereby competitive neutrality assessment measures are applied to establish compliance levels and related opportunities for continuous improvement.




VICTORIAN LOCAL GOVERNMENT INDICATORS

The following Victorian Local Government indicators are provided to assist in the evaluation of Council's performance during the 2011/12 financial year. The indicators were introduced by the State Government to help both the community and councils to judge the health of the Local Government sector and to benchmark individual and overall industry improvement in performance over time.

No.	Category	Indicator	Indicator Definition	2011/2012
1	Overall	Community satisfaction rating for the overall performance generally of the Council.	Result from the annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria.	68
2	Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues.	Result from the annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria.	60
3	Engagement	Community satisfaction rating for Council's engagement in decision-making on key local issues.	Result from the annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria.	60
4	All Rates	Average rates and charges per assessment.	Rates and charges declared as being receivable, in the calculations for the adopted rates divided by the number of assessments used in the calculation of the adopted rate.	\$1,369
5	Residential Rates	Average residential rates and charges per assessment.	Rates and charges declared for all residential assessments divided by the number of residential assessments used in the calculation of the adopted rate.	\$1,308
6	Operating Costs	Average operating expenditure per assessment.	Total expenditure per the Income Statement including asset sales and depreciation divided by the number of assessments used in the calculation of the adopted rate.	\$2,326
7	Capital Expenditure	Average capital expenditure per assessment.	Amount capitalised to the Balance Sheet and contributions to major assets not owned by Council divided by the number of assessments used in the calculation of the adopted rate.	\$521
8	Infrastructure	Renewal.	Ratio of current spending on capital renewal of existing infrastructure assets that returns the service potential or life of the asset to that which it had originally to the long-term AAAC divided by useful life.	155.0%
9	Infrastructure	Renewal and maintenance.	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or life of the asset to that which it had originally plus current spending on maintenance to AAAC plus planned maintenance divided by useful life.	134.4%
10	Debts	Average liabilities per assessment.	Total liabilities as per the Balance Sheet less items held in trust divided by the number of assessments used in the calculation of the adopted rate.	\$761
11	Operating Result	Operating result per assessment.	Surplus for the period per the Income Statement divided by the number of assessments used in the calculation of the adopted rate.	\$111

Financial Report

 CITY OF STONNINGTON



ESW 200

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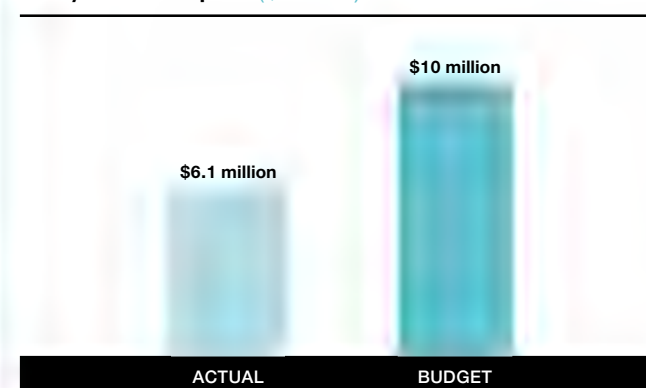
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FINANCIAL RESULTS OVERVIEW

HIGHLIGHTS

- A net surplus of \$6.1 million
- \$29.1 million was spent on capital works
- Debt was reduced to \$2.7 million and will be eliminated in 2016/17

2011/12 Net Surplus (\$ million)



Financial Position

Council's financial position continues to be strong despite an \$11.5 million call to fully fund the Defined Benefit Superannuation Scheme. The balance sheet and working capital ratio of 1.84:1 as at 30 June 2012 indicate that current assets are adequate to meet current liabilities, which is an important measure of liquidity. Borrowings have been steadily reduced to \$2.7 million, a modest level of debt compared to Council's total assets of \$1.8 billion. Council achieved a good result for the 2011/12 financial year with a net surplus of \$6.1 million. This surplus is important as it enables Council to sustain its day-to-day operations in the longer term and provides an internal source of funding for capital works. Council's ability to fully fund its ambitious capital works programs through operational surpluses and cashflows negates the need to undertake borrowings.

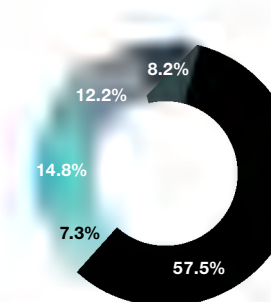
The strong financial position reflects sound financial management and Council's commitment to financial sustainability. It also strengthens Council's financial capacity to deliver on the objectives and strategies of the Council Plan and Strategic Resource Plan.

Net Result

Council achieved a net surplus of \$6.1 million which was lower than the budgeted surplus of \$10.0 million. The unfavourable variance of \$3.9 million was primarily a result of the call to fund the \$11.5 million liability from the Defined Benefit Superannuation Scheme. Council has no control over the performance of this superannuation scheme which was closed to new members in 1993. Council will continue to be liable for any future funding gap.

Revenue

Rates and Charges	\$78.13m	57.5%
Grants and Subsidies	\$9.96m	7.3%
User Charges	\$20.16m	14.8%
Infringements and Parking	\$16.58m	12.2%
Other Income	\$11.19m	8.2%



Revenue

Council's total revenue for 2011/12 of \$136.0 million compared favourably to a budget of \$126.8 million.

The main factors contributing to this favourable variance of \$9.2 million include higher developer contributions (+\$2.4m), recurrent operational grants from State and Federal Government (+\$1.8m), traffic fines and parking (+\$1.4m), user fees (+\$0.8m), and rates and garbage charges (+\$0.5m).

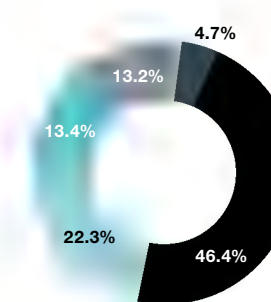
An analysis of Council's revenue sources highlights Council's ongoing reliance on rate revenue to fund community service delivery and the renewal of community assets.

Expenses

Council's total expenses for 2011/12 of \$129.8 million were higher than the budget of \$116.8 million. Excluding the \$11.5 million charge for the unfunded liability from the Defined Benefit Superannuation Scheme, total expenses would have marginally exceeded budget by \$1.5 million, a good result as total income increased by \$9.2 million.

Expenses

Staff Costs	\$60.27m	46.4%
Service Delivery and Materials	\$28.92m	22.3%
Contract Payments	\$17.44m	13.4%
Depreciation	\$17.08m	13.2%
Other Expenditure	\$6.14m	4.7%



Capital Expenditure

During the 2011/12 year Council's investment of \$29.1 million in capital works was entirely internally funded. This expenditure comprised \$27.2 million to renew, replace, upgrade and expand existing assets so as to safeguard the sustainable delivery of Council's services to the community plus \$1.9 million invested in new assets.

Works already underway to the value of \$5.9 million will be carried over to 2012/13 for completion, including the TH King Environment Education Centre, Sheridan pavilion refurbishment, Edgar Street drainage and road works, and Prahran RSL building works.

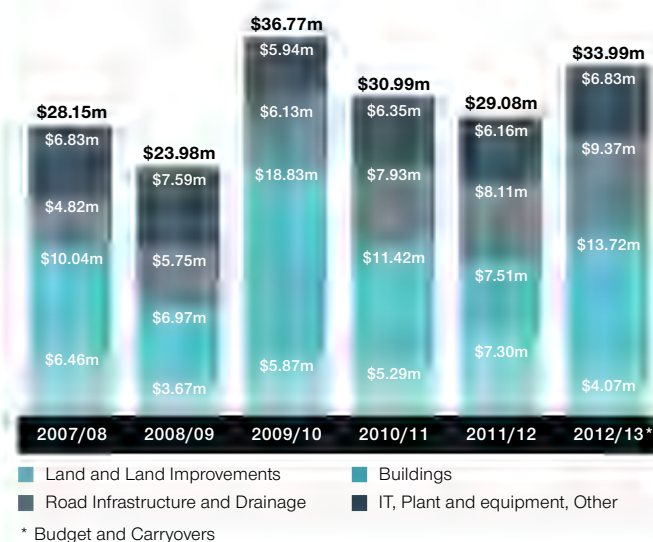
Some of the key capital works in 2011/12 included: Local roads refurbishment and resurfacing, drainage and footpath works \$8.1 million; buildings \$7.5 million; parks and gardens and land works \$7.3 million; motor vehicles, plant and equipment, IT, library books, office equipment and furniture \$6.2 million.

THE 2011/12 CAPITAL WORKS EXPENDITURE IS CLASSIFIED AS:

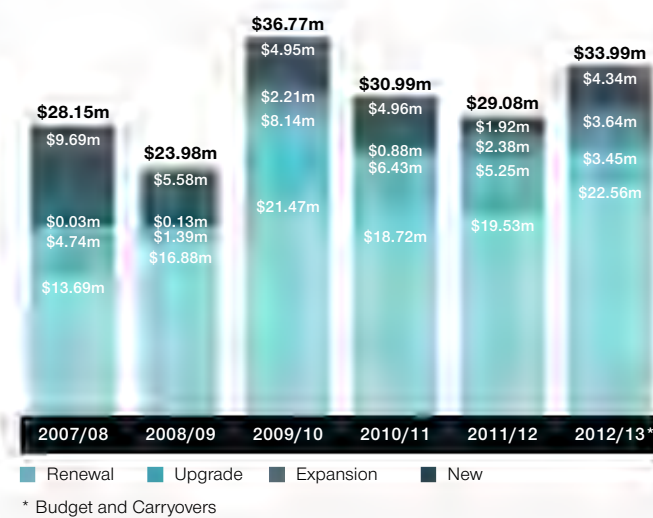
Renewal of existing assets to restore their useful life or service potential to original condition	\$19.53m
Expansion of existing assets to benefit more users	\$2.38m
Upgrade of existing assets to extend their useful life or provide greater service	\$5.25m
New assets	\$1.92m

UNDERSTANDING THE FINANCIALS

Capital Expenditure by Asset Class (\$ million)



Capital Expenditure by Asset Type (\$ million)



Borrowings

Debt (excluding finance leases) was reduced to \$2.7million at 30 June 2012 from \$3.4 million at 30 June 2011. Debt funding is used where necessary to finance capital works although Council's long term projections indicate it has the capacity to fund planned capital projects with its own funds and without the need for new borrowings.

Scheduled repayments on existing loans will see their elimination in the 2016/17 year.

Cash and Other Financial Assets

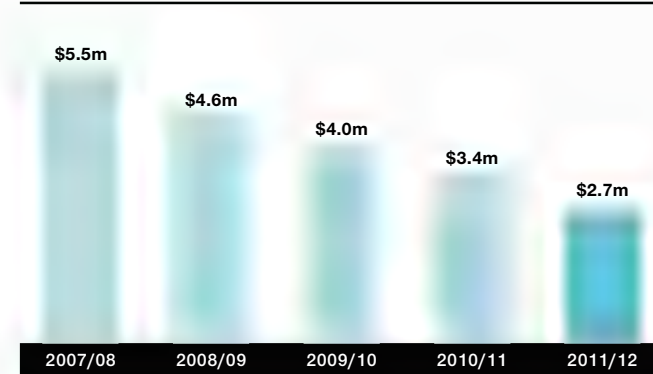
Cash and other financial assets at 30 June 2012 total \$59.0 million.

Council's liquidity position continues to be strong with a ratio of 1.84:1, indicating that Council has \$1.84 of cash and current assets for every \$1.00 of current liabilities.

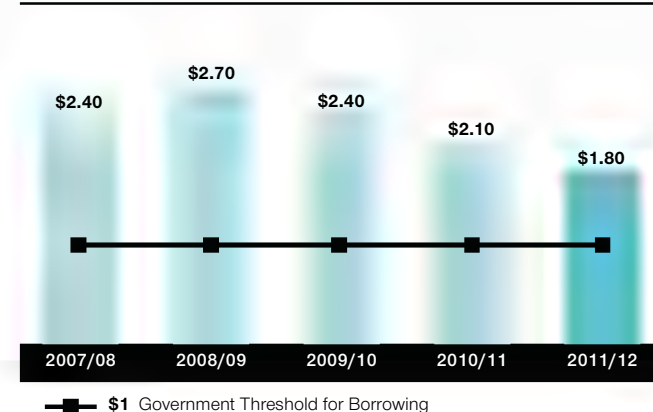
Legislative and policy restrictions on Council's cash at 30 June 2012 total \$33.1 million. This restriction means that Council will set aside sufficient cash to fund employee long service leave entitlements and its open space and car-parking reserves.

Cash assets will be required to fund the 2012/13 capital works program of \$31.0 million as well as projects of \$5.9 million carried over into the 2012/13 year for completion.

Borrowings (\$ million)



Working Capital Ratio (\$)



AUDITING PROCESS

Council's Financial Report includes the Financial Statements, Standard Statements and Performance Statement, and is prepared to meet the requirements of the Local Government Act 1989, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements are audited by the Auditor General Victoria's agent and are approved in principle by both the Council's Audit Committee and Council. The reports are then forwarded to the Auditor General's Office for finalisation and provision of the Auditor General's opinion on the Financial and Standard Statements and also for the Performance Statement.

The audit opinion from the Auditor General provides an independent view of the financial statements and will advise the reader if there are any issues of concern. The opinion confirms that the Financial Reports have been prepared in accordance with relevant legislation and accounting standards and represent a fair view of the financial affairs of Council. For the financial year ended 30 June 2012 Council received a clear audit opinion for all financial statements.

FINANCIAL STATEMENTS

There are four key financial statements that are supported by explanatory notes.

1. Comprehensive Income Statement
2. Balance Sheet
3. Statement of Changes in Equity
4. Cash Flow Statement

Each statement assists in the overall understanding of Council's financial performance and position.

1. Comprehensive Income Statement

The Comprehensive Income Statement measures Council's financial performance for the year. This statement discloses the operating surplus or deficit resulting from continuing operations. For the year ended 30 June 2012 Council reported a surplus from operations of \$6.2 million.

The statement includes all sources of revenue and operating expenses that relate to the delivery of Council services. The Income Statement is prepared on an accrual basis, meaning that all revenue and expenses relating to the financial year are included in the statement although the cash relating to those transactions may not have been received or paid.

The Comprehensive Income Statement includes depreciation charges, being the value of assets consumed during the year. These assets include buildings, roads, footpaths, and drains and all other infrastructure assets that are used to deliver Council services. Assets are depreciated over their expected useful life.

In accordance with accounting standards contributions of \$4.1 million received from developers are reported as revenue in this statement. However such contributions are capital in nature and Council is obligated to use those contributions to fund future capital works, particularly in the creation of open space reserves.

Although Council reported a surplus from operations of \$6.2 million in 2011/12, the Comprehensive Income Statement also includes the net movement in Council's equity in the Clayton South Regional Landfill. For the 2011/12 year Council's equity in that joint initiative declined by \$0.07 million, comprising Council's share of profits \$0.31 million less dividends received of \$0.38 million.

Council undertook a revaluation of its infrastructure assets in 2011/12, a biannual process. Total net revaluation increment of \$38.7 million was taken to account in 2011/12, comprising: roads, streets, rights of way and bridges and drainage increment of \$25.7 million; land increment of \$18.7 million; and buildings decrement of \$5.7 million.

2. Balance Sheet

The Balance Sheet discloses Council's net worth and clearly defines both Council's assets and liabilities as at 30 June 2012. Assets and liabilities are classified as either current or noncurrent, where current assets and liabilities are expected to be converted into cash or paid within the next 12 months.

Net Assets, or Total Equity, represents Council's accumulated net worth and includes many infrastructure and community assets such as buildings, land, parks, roads and drains.

At 30 June 2012 Council has a strong Balance Sheet. Current Assets are more than adequate to meet current commitments as and when they fall due and its assets are funded by a very low level of borrowings. The main components of Council's balance sheet are cash and investments, property and infrastructure assets, low levels of borrowings, accumulated surpluses and reserves.

3. Statement of Changes in Equity

The Statement of Changes in Equity summarises the increase (or decrease) in Council's net worth for the year ended 30 June 2012. Council's net worth can only change as a result of:

- A surplus or deficit as recorded in the Comprehensive Income Statement.
- An increase or decrease in the value of non-current assets resulting from revaluation of those assets. The value of all non-current assets is reviewed regularly to ensure the true value of assets is reflected in the Balance Sheet.

4. Cash Flow Statement

The Cash Flow Statement identifies Council's cash receipts and payments for the financial year and the net 'cash on hand' position at 30 June 2012. It excludes non-cash expenses such as depreciation but includes payments in relation to capital projects, proceeds from asset sales and movements in cash that Council may hold as a result of holding trust deposits. Council's cash arises from, and is used, in three main areas:

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Outlines all cash receipts and cash payments relating to Council's ongoing service delivery. It is important that Council maintains a cash surplus from its operating activities to ensure the ongoing provision of day-to-day operations and to fund the purchase and enhancement of new and existing assets.

CASH FLOWS FROM INVESTING ACTIVITIES:

Includes capital works expenditure and any receipts from the sale of assets.

CASH FLOWS FROM FINANCING ACTIVITIES:

Includes proceeds from borrowing and the repayment of loans, movement in cash held in trust deposits and movement in term deposits between short term (up to 90 days) and longer term. For the purposes of the Statement of Cash Flows, and in accordance with accounting policy, only term deposits with terms of less than 90 days are treated as cash on hand.

Term deposits that mature beyond 90 days are treated as other financial assets. To the extent that cash provided by operating activities is maximised then Council is less likely to resort to the funding of capital works through external borrowings.

NOTES TO THE FINANCIAL STATEMENTS

The Notes provide further information in relation to the guiding principles employed to formulate the financial statements and detail specific items of note within the statements. The notes also advise if there has been any change to accounting standards, policy or legislation that has affected the preparation of the statements.

The notes are directly linked by number identification to the respective Financial Statement and can highlight where there has been a significant change from the previous year's comparative figure.

STANDARD STATEMENTS

The Standard Statements include three of the four statements mentioned previously (Income Statement, Balance Sheet and Cash Flow Statement) together with a further statement (Capital Works Statement).

The Standard Statements compare actual performance to Council's financial plan, expressed through its annual budget. These statements are prepared on an accounting basis consistent with those used for the Financial Statements. All major variances to budget are explained in the accompanying notes.

The Capital Works Statement sets out the expenditure on each major class of assets – including land and buildings, road and drainage infrastructure and plant and equipment. It also shows what investment has been made renewing, upgrading or expanding existing assets and creating new assets.

PERFORMANCE STATEMENT

Council has adopted a budget as part of its Council planning cycle and has separately identified the Key Strategic Activities (KSAs) to be undertaken during the financial year. Performance targets and measures are developed for each KSA.

The Performance Statement reports Council's achievement against these performance targets and measures for the financial year ending 30 June 2012. In some cases the assessment of whether a target has been achieved requires careful interpretation as a project could be delayed due to factors beyond Council's control or cost savings achieved.

CERTIFICATION BY PRINCIPAL ACCOUNTING OFFICER AND COUNCILLORS

The Certification of the Financial Report by the Principal Accounting Officer is made by the person responsible for the financial management of Council and signifies that, in his/her opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of the Councillors is made by two Councillors empowered on behalf of Council to certify that, in their opinion, the financial statements fairly and accurately report Council's financial position.

STANDARD INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Actual \$'000	2012 Budget \$'000	Variance \$'000	Variance %
Revenue					
Rates and charges		78,128	77,645	483	0.6%
Traffic fines and parking		16,584	15,197	1,387	9.1%
User fees		20,158	19,357	801	4.1%
Grants – recurrent	1	9,425	7,603	1,822	24.0%
Grants – non recurrent	2	539	340	199	58.5%
Contributions	3	4,076	1,700	2,376	139.8%
Reimbursements	4	517	427	90	21.1%
Interest	5	3,198	2,854	344	12.1%
Other revenue	6	3,351	1,673	1,678	100.3%
Financial assets available for sale – loss for the period		45	–	45	0.0%
Total revenue		136,021	126,796	9,225	7.3%
Expenses					
Employee benefits	7	60,272	48,040	(12,232)	(25.5%)
Materials and services		46,363	45,755	(608)	(1.3%)
Bad and doubtful debts	8	–	272	272	100.0%
Community grants		2,634	2,719	85	3.1%
Depreciation and amortisation		17,080	17,863	783	4.4%
Finance costs	9	201	235	34	14.5%
Other expenses	10	3,377	1,881	(1,496)	(79.5%)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	11	(78)	21	99	471.4%
Total expenses		129,849	116,786	(13,063)	(11.2%)
Surplus for the year		6,172	10,010	(3,838)	(38.3%)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method		(72)	–	(72)	0.0%
Net Surplus for the year		6,100	10,010	(3,910)	(39.1%)

The accompanying notes form part of this financial report

STANDARD BALANCE SHEET AS AT 30 JUNE 2012

	Note	2012 Actual \$'000	2012 Budget \$'000	Variance \$'000	Variance %
Assets					
Current assets					
Cash and cash equivalents	12	25,896	5,417	20,479	378.1%
Trade and other receivables	13	7,556	6,239	1,317	21.1%
Other financial assets	14	33,150	39,000	(5,850)	(15.0%)
Other assets	15	1,685	771	914	118.5%
Total current assets		68,287	51,427	16,860	32.8%
Non-current assets					
Trade and other receivables	16	–	450	(450)	(100.0%)
Other financial assets	17	3,422	2,041	1,381	67.7%
Investment in associate accounted for using the equity method	18	1,788	3,344	(1,556)	(46.5%)
Property, infrastructure, plant and equipment	19	1,757,780	1,389,222	368,558	26.5%
Investment property		6,750	6,750	–	0.0%
Intangible assets	20	1,163	1,810	(647)	(35.7%)
Total non-current assets		1,770,903	1,403,617	367,286	26.2%
Total assets		1,839,190	1,455,044	384,146	26.4%
Liabilities					
Trade and other payables		12,754	12,858	104	0.8%
Trust funds and deposits	21	3,323	2,339	(984)	(42.1%)
Provisions	22	19,997	12,486	(7,511)	(60.2%)
Interest-bearing loans and borrowings	23	1,044	720	(324)	(44.9%)
Total current liabilities		37,118	28,403	(8,715)	(30.7%)
Non-current liabilities					
Provisions	22	5,819	1,707	(4,112)	(240.9%)
Interest-bearing loans and borrowings		2,859	3,027	168	5.5%
Total non-current liabilities		8,678	4,734	(3,944)	(83.3%)
Total liabilities		45,796	33,137	(12,659)	(38.2%)
Net Assets		1,793,394	1,421,907	371,487	26.1%
Equity					
Accumulated surplus	24	909,530	541,109	368,421	68.1%
Reserves		883,864	880,798	3,066	0.3%
Total Equity		1,793,394	1,421,907	371,487	26.1%

The accompanying notes form part of this financial report

STANDARD CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Actual \$'000	2012 Budget \$'000	Variance \$'000	Variance %
Cash flows from operating activities					
Rates and charges		77,994	76,144	1,850	2.4%
Traffic fines and parking		16,693	17,455	(762)	(4.4%)
User fees (inclusive of GST)		20,432	19,804	628	3.2%
Grants (inclusive of GST)	25	9,818	8,152	1,666	20.4%
Contributions (inclusive of GST)	26	4,076	1,870	2,206	118.0%
Reimbursements (inclusive of GST)	27	543	470	73	15.5%
Interest	28	3,437	2,854	583	20.4%
Other receipts (inclusive of GST)	29	3,844	1,840	2,004	108.9%
Net GST refund/payment		5,703	6,112	(409)	(6.7%)
Payments for materials and services (inclusive of GST)	30	(59,358)	(53,735)	(5,623)	(10.5%)
Payments to employees (including redundancies)		(47,243)	(47,440)	197	0.4%
Other payments		(3,382)	(3,347)	(35)	(1.0%)
Net cash provided by operating activities		32,557	30,179	2,378	7.9%
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	31	(28,167)	(37,120)	8,953	24.1%
Proceeds from sale of property, infrastructure, plant and equipment	32	655	778	(123)	(15.8%)
Payments for other financial assets		(203)	-	(203)	0.0%
Net cash (used) in investing activities		(27,715)	(36,342)	8,627	23.7%
Cash flows from financing activities					
Finance costs	33	(207)	(235)	28	11.9%
Trust funds and deposits	34	423	(294)	717	243.9%
Repayment of interest bearing loans from Prahran Market Pty Ltd		-	-	-	0.0%
Repayment of interest bearing loans and borrowings		(677)	(677)	0	0.1%
Net cash (used) in financing activities		(461)	(1,206)	745	(61.8%)
Net increase (decrease) in cash and cash equivalents		4,381	(7,369)	11,750	159.5%
Cash and cash equivalents at the beginning of the financial year		54,665	51,786	2,879	(5.6%)
Cash and cash equivalents at the end of the financial year	12, 14	59,046	44,417	14,629	32.9%

The accompanying notes form part of this financial report

STANDARD CAPITAL WORKS STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Actual \$'000	2012 Budget \$'000	Variance \$'000	Variance %
Capital Expenditure By Asset Class:					
Land		3,469	-	(3,469)	0.0%
Land Improvement		3,834	3,896	62	1.6%
Buildings	35	7,514	14,908	7,394	49.6%
Motor Vehicles, Plant, and Equipment		1,987	2,087	100	4.8%
Other (Library Books, Office Equipment, Furniture)	36	1,620	2,050	430	21.0%
Road Others	37	1,436	1,278	(158)	(12.4%)
Drainage, Roads, Footpaths, Kerb & Channels, ROW's, Bridges		8,108	8,454	346	4.1%
		27,968	32,673	4,705	14.4%
Equity in Joint Venture:					
Leased Plant, Motor Vehicles, and Equipment		503	-	(503)	0.0%
		503	-	(503)	0.0%
Intangible Assets	38	607	1,072	465	43.4%
		29,078	33,745	4,667	13.8%
Types of Capital Works					
Renewal/Replace		19,530	23,228	3,698	15.9%
Upgrade		5,252	1,847	(3,405)	(184.4%)
Expansion		2,381	4,300	1,919	44.6%
New Assets		1,915	4,370	2,455	56.2%
Total Capital Works		29,078	33,745	4,667	13.8%
Property, Plant, and Equipment movement Reconciliation Worksheet:					
Total capital works		29,078	33,745	4,667	13.8%
Asset revaluation movement		38,665	20,000	(18,665)	(93.3%)
Depreciation/amortisation		(17,080)	(17,863)	(783)	4.4%
Written down value of assets sold		(577)	(728)	(151)	20.7%
Termination of Finance Leases		(89)	-	89	0.0%
Write off/ Adjustment assets		(1)	-	1	0.0%
Net Movement - Property, Plant, and Equipment, Intangibles and Investment Property		49,996	35,154	(14,842)	(42.2%)

The accompanying notes form part of this financial report

NOTES TO THE STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

A: BASIS OF PREPARATION OF THE STANDARD STATEMENTS

The City of Stonnington is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required – a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and Standard Capital Works Statement together with explanatory notes.

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

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Report and the 2011/12 Budget. The results reported in these Statements are consistent with those reported in the 2011/12 General Purpose Financial Report, and have been prepared in accordance with all applicable Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent of budget line items. Explanations have been provided for variations below the materiality threshold if considered to be material because of the nature.

The budget figures included in the Standard Statements are those adopted by the Council at its meeting on 6 June 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 the council's business plan and financial performance targets for both the short and long term. The budget also reflected expected changes to equity resulting from asset revaluations, despite the knowledge their impact would be difficult to predict.

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

Note 1 Grants - recurrent

Victorian Grants Commission prepaid 50% of the 2012/13 allocation in 2011/12, which was not budgeted.

Note 2 Grants - Non recurrent

Council received the following unbudgeted grants for capital works: \$100K from Melbourne Water for Yarra River Bio-diversity Implementation and \$75K from Dept of Planning for the Phoenix Park Lift as part of the Phoenix Park Community Centre Redevelopment.

Note 3 Contributions

Stronger than budgeted levels of property development activities resulted in higher developer contributions for public open spaces.

Note 4 Reimbursements

Unbudgeted Insurance recoveries for various Council properties following storm damage and other claims.

Note 5 Interest

Interest income exceeded budget as the opening cash position and interest rates on investments during the year were both higher than budgeted.

Note 6 Other revenue

Other revenue was favourable to budget due to: the take up of Streetsahead Cleaning Services Joint Venture equity was greater than budget, which was partially offset by additional expenditure; unbudgeted Clayton Landfill Joint Venture dividend of \$383K; and take up of previous written off Parking Infringement Debts as directed by Perin Court.

Note 7 Employee Benefits

Council has obligations under a defined benefit superannuation scheme that resulted 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, Council share of unfunded liability is \$11.498 million (including contribution tax) which is recognised as employee benefits resulting in the overall variance over budget.

Note 8 Bad and doubtful debts

No increase to the provision for doubtful debts in 2011/12.

Note 9 Finance costs

Minor variance to budget.

Note 10 Other Expenses

A large amount of budgeted capital expenditure was re-classified as operating expenditure and over-spent internal audits and debt collection expenditure than budgeted.

Note 11 Net gain on disposal of property, infrastructure, plant and equipment

Proceeds from sale of Council's motor vehicle and plant and equipment derived from auction results appeared higher than budgeted.

Note 12 Cash and cash equivalents

Cash and cash equivalents include all term deposit investments with expiry dates less than 90 days from the end of the financial year. Any term deposits maturing greater than 90 days from 30 June 2012 are classified as Other Financial Assets. Council's short term deposits at June 2012 was lower than budgeted.

Cash and cash equivalents for the purpose of Standard Cash Flow Statement include all Term Deposits held by Council as at end of financial year (\$59.046 million) whereas cash and cash equivalents for the purpose of Cash Flow Statement as at end of financial year was \$25.896 million, the difference being total investment in term deposits held by Council as at end of year of \$33.150 million. Also refer to Note 14.

Note 13 Trade and other receivables

Improvement in the collection of parking infringement debts by Perin Court has resulted in a reduced level of doubtful debts.

Note 14 Other Financial assets - current

Council's term deposits of \$58 million made up of \$25 million with terms less than 90 days at balance date and \$33 million with terms greater than 90 days at balance date. The variance should be read in conjunction to Note 12 above, where approximately \$14 million of Council's cash and cash equivalent and term deposits exceeded budgeted amount of \$44 million. The variance is a result of more effective cash collection and some delays in capital works.

Note 15 Other assets

Accrued interest on investments secured from term deposits were better than than budgeted. Prepaid insurance was higher than expected.

Note 16 Trade and other receivables

Prahran Market fully repaid their debt owing to Council in 2011/12 which was not expected.

Note 17 Other Financial assets - non current

Other financial assets exceeded budget due to the inclusion of shares held in Regional Kitchen Pty Ltd.

Note 18 Investment in associate accounted for using the equity method

Clayton Tip Joint Venture had unbudgeted net loss on revaluation of assets and also dividend was paid in 2011/12.

Note 19 Property, infrastructure, plant and equipment

First time take up of land under road into Council's balance sheet and also 2012 revaluation increment resulted in greater property, infrastructure, plant and equipment value than was budgeted.

Note 20 Intangible assets

Lower than budgeted expenditure on software meant that intangible assets are under budget.

Note 21 Trust funds and deposits

The movement in trusts and deposits held is unpredictable. In contrast to budget assumptions, receipts for the year exceeded refunds paid.

Note 22 Provisions

Council's liability on unfunded Defined Benefit Superannuation was not budgeted.

Note 23 Interest-bearing loans and borrowings

There is minor variance where actual is higher than budget due to finance lease termination movements and new leases being put in place. Total variance should be read in conjunction with non current liabilities portion.

Note 24 Accumulated surplus

Prior year equity adjustment for the take up of land under roads was not budgeted.

Note 25 Grants (inclusive of GST)

Council received 50% of the 2012/13 grant allocation from Victorian Grants Commission in 2011/12, which was not budgeted.

Note 26 Contributions (inclusive of GST)

Developer contributions for public open spaces were higher than budget due to strong levels of development activities.

Note 27 Reimbursements (inclusive of GST)

Unbudgeted Insurance recoveries for various Council properties following storm damage and other claims.

Note 28 Interest

Interest income exceeded budget as the opening cash position and interest rates on investments during the year were both higher than budgeted.

Note 29 Other receipts (inclusive of GST)

Income from Streetsahead Cleaning Services Joint Venture was greater than budget and unbudgeted Clayton Landfill Joint Venture dividend of \$383K.

Note 30 Payments for materials and services (inclusive of GST)

Payments included \$1 million of expenditure that was budgeted under capital expenditure and also the GST component of capital expenditure was budgeted under capital expenditure, see Note 29.

Note 31 Payments for property, infrastructure, plant and equipment

Budget included expenditure that has been re-classified as operating expenditure. Budget also included the GST component which has been accounted under payments for materials and services. Capital carry over to next financial year also contributed to the variance.

Note 32 Proceeds from sale of property, infrastructure, plant and equipment

Council disposed of fewer number of plant and equipment than was budgeted.

Note 33 Finance costs

Minor variance to budget.

Note 34 Trust funds and deposits

The movement in trusts and deposits held is unpredictable. Contrary to budget assumptions, the receipts for the year exceeded refunds paid.

Note 35 Buildings

A number of building related projects were re-classified as operating expenditure due to the nature of work being maintenance works. Also a number of projects in progress are to be completed in 2012/13.

Note 36 Other (Library Books, Office Equipment, Furniture)

The City's Christmas decoration program capital work was budgeted under Other capital expenditure. Actual spending of the program has been reclassified to Road Extras as the works involves certain fixed structures to the streets in the City. The variance should be read in conjunction to Note 35.

Note 37 Road Others

A number of related projects were re-classified as road works due to the nature of work. Also a number of projects in progress are to be completed in 2012/13.

Note 38 Intangible Assets

Savings from projects completed have been achieved. Also, a number of Information Technology system upgrade works including Asset Management System and Social Development Software Upgrade will continue into the next financial year.

CERTIFICATION OF THE STANDARD STATEMENTS

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



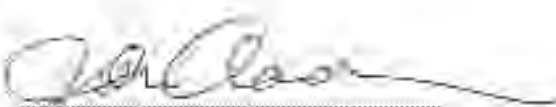
Scott Moore CPA
Principal Accounting Officer

27 August 2012
Malvern

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

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

We have been authorised by the Council on 27 August 2012 to certify the standard statements on its behalf in their final form.




John Chandler
Councillor

27 August 2012
Malvern



Melina Sehr
Councillor

27 August 2012
Malvern



Simon Thomas
A/Chief Executive Officer

27 August 2012
Malvern

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

		COUNCIL		CONSOLIDATED	
	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Income					
Rates and charges	2	78,128	73,729	78,128	73,729
Traffic fines and parking	3	16,584	14,879	16,584	14,879
User fees	4	20,158	18,057	23,271	21,039
Grants – recurrent	5	9,425	7,314	9,425	7,314
Grants – non recurrent	5	539	939	602	1,007
Contributions	6	4,076	2,916	4,076	2,916
Reimbursements	7	517	1,238	517	1,238
Interest		3,198	3,007	3,501	3,271
Other revenue	8	3,351	3,408	3,351	3,408
Fair value adjustments for investment property	20	–	144	–	144
Financial assets available for sale – gain/(loss) for the period		45	(17)	45	(17)
Total income		136,021	125,614	139,500	128,928
Expenses					
Employee benefits	9	60,272	47,103	60,949	47,669
Materials and services	10	46,363	43,399	48,279	45,120
Community grants		2,634	2,580	2,634	2,580
Depreciation and amortisation	11	17,080	17,051	17,279	17,269
Finance costs	12	201	242	201	242
Other expenses	13	3,377	3,044	3,390	3,024
Net gain on disposal of property, infrastructure, plant and equipment	25	(78)	37	(78)	37
Total expenses		129,849	113,456	132,654	115,941
Profit from operations		6,172	12,158	6,846	12,987
Other comprehensive income	14	(72)	(101)	(72)	(101)
Share of other comprehensive loss of associates accounted for the equity method	26(b)	38,665	–	38,665	–
Comprehensive result		44,765	12,057	45,439	12,886

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

BALANCE SHEET AS AT 30 JUNE 2012

		COUNCIL		CONSOLIDATED	
	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Assets					
Current assets					
Cash and cash equivalents	15	25,896	20,157	28,742	22,461
Trade and other receivables	16	7,556	7,048	7,862	7,228
Other financial assets	17	33,150	34,508	33,150	34,508
Other assets	18	1,685	1,483	1,748	1,491
Total current assets		68,287	63,196	71,502	65,688
Non-current assets					
Other financial assets	17	3,422	3,377	1,422	1,377
Investments in associate accounted for using the equity method	14	1,788	1,860	1,788	1,860
Property, infrastructure, plant and equipment	19	1,757,780	1,707,498	1,761,112	1,710,831
Investment property	20	6,750	6,750	6,750	6,750
Intangible assets	19	1,163	1,449	1,208	1,494
Total non-current assets		1,770,903	1,720,934	1,772,280	1,722,312
Total assets		1,839,190	1,784,130	1,843,782	1,788,000
Liabilities					
Current liabilities					
Trade and other payables	21	12,754	15,127	13,041	15,366
Trust funds and deposits	22	3,323	2,900	3,323	2,900
Provisions	23	19,997	11,660	20,033	11,698
Interest-bearing loans and borrowings	24	1,044	970	1,044	970
Total current liabilities		37,118	30,657	37,441	30,934
Non-current liabilities					
Provisions	23	5,819	1,398	5,826	1,403
Interest-bearing loans and borrowings	24	2,859	3,446	2,859	3,446
Total non-current liabilities		8,678	4,844	8,685	4,849
Total liabilities		45,796	35,501	46,126	35,783
Net Assets		1,793,394	1,748,629	1,797,656	1,752,217
Equity					
Accumulated surplus		909,530	904,141	913,792	907,729
Reserves	26	883,864	844,488	883,864	844,488
Total Equity		1,793,394	1,748,629	1,797,656	1,752,217

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

COUNCIL					
	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
2012					
Balance at beginning of the financial year		1,748,629	904,141	824,844	19,644
Profit from operations		6,172	6,172	-	-
Net asset revaluation increment	26	38,665	-	38,665	-
Share of other comprehensive loss of associates accounted for by the equity method	14	(72)	(72)	-	-
Transfers from other reserves	26	-	5,759	-	(5,759)
Transfers to other reserves	26	-	(6,470)	-	6,470
Balance at end of the financial year		1,793,394	909,530	863,509	20,355
2011					
Balance at beginning of the financial year		1,355,982	517,185	824,844	13,953
Profit from operations		12,158	12,158	-	-
Adjustment arising from recognising land under roads	27	380,590	380,590	-	-
Net asset revaluation increment	26	-	-	-	-
Share of other comprehensive loss of associates accounted for by the equity method	14	(101)	(101)	-	-
Transfers from other reserves	26	-	50	-	(50)
Transfers to other reserves	26	-	(5,741)	-	5,741
Balance at end of the financial year		1,748,629	904,141	824,844	19,644
CONSOLIDATED					
	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
2012					
Balance at beginning of the financial year		1,752,217	907,729	824,844	19,644
Profit from operations		6,846	6,846	-	-
Net asset revaluation increment		38,665	-	38,665	-
Share of other comprehensive loss of associates accounted for by the equity method		(72)	(72)	-	-
Transfers from other reserves		-	5,759	-	(5,759)
Transfers to other reserves		-	(6,470)	-	6,470
Balance at end of the financial year		1,797,656	913,792	863,509	20,355
2011					
Balance at beginning of the financial year		1,358,741	519,944	824,844	13,953
Profit from operations		12,987	12,987	-	-
Adjustment arising from recognising land under roads	27	380,590	380,590	-	-
Net asset revaluation increment		-	-	-	-
Share of other comprehensive loss of associates accounted for by the equity method		(101)	(101)	-	-
Transfers from other reserves		-	50	-	(50)
Transfers to other reserves		-	(5,741)	-	5,741
Balance at end of the financial year		1,752,217	907,729	824,844	19,644

The above statement of change in equity should be read in conjunction with the accompanying notes

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

		COUNCIL		CONSOLIDATED	
	Note	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
Cash flows from operating activities					
Rates and charges		77,994	73,572	77,994	73,572
Traffic fines and parking		16,693	15,480	16,693	15,480
User fees (inclusive of GST)		20,432	18,446	24,915	22,534
Grants (inclusive of GST)		9,818	9,619	9,818	9,619
Contributions (inclusive of GST)		4,076	2,916	4,076	2,916
Reimbursements (inclusive of GST)		543	1,351	543	1,351
Interest		3,437	2,900	3,566	2,972
Other receipts (inclusive of GST)		3,844	4,023	3,844	4,023
Net GST refund/(payment)		5,703	6,834	5,566	6,675
Payments for materials and services (inclusive of GST)		(59,358)	(54,312)	(63,093)	(57,016)
Payments to employees (including redundancies)		(47,243)	(46,603)	(47,243)	(46,603)
Other payments		(3,382)	(3,597)	(3,382)	(3,597)
Net cash provided by operating activities	28 (a)	32,557	30,629	33,297	31,926
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment		(28,167)	(26,181)	(28,365)	(26,255)
Proceeds from sale of property, infrastructure, plant and equipment		655	409	655	409
Payments for other financial assets	28 (b)	1,155	(3,444)	1,155	(3,444)
Net cash (used) in investing activities		(26,357)	(29,216)	(26,555)	(29,290)
Cash flows from financing activities					
Finance costs		(207)	(223)	(207)	(246)
Trust funds and deposits		423	385	423	384
Proceeds from interest bearing loans and borrowings		-	450	-	450
Repayment of interest bearing loans and borrowings		(677)	(646)	(677)	(1,096)
Net cash (used) in financing activities		(461)	(34)	(461)	(508)
Net increase/(decrease) in cash and cash equivalents		5,739	1,379	6,281	2,128
Cash and cash equivalents at the beginning of the financial year		20,157	18,778	22,461	20,333
Cash and cash equivalents at the end of the financial year	29	25,896	20,157	28,742	22,461
Financing arrangements	30				
Restrictions on cash assets	31				

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

Introduction

- (a) The Stonnington City Council was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 1251 High Street, Malvern, Victoria.
- (b) 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 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.

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, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Finance and Reporting) Regulations 2004*.

Reference to Council in this report includes the Council and its controlled entity.

Note 1

Significant accounting policies

(a) Basis of accounting

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(g), 1(h), 1(i), 1(j) and 1(n).

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

(b) Change in accounting policies

From 1 July 2011, Council has elected to recognise all land under roads at fair value. This represents a change from our previous policy that only saw the recognition of land under roads that was contributed to Council since 1 July 2009.

The policy change was undertaken to comply with guidance issued by Local Government Victoria that will lead to improved financial information across the Local Government Sector.

The impact of the change was to increase the value of land under roads by \$381m as of 1 July 2010. The impact is reflected in an increased opening balance of Land under roads (2011) and an equivalent increase in opening accumulated surpluses.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Council and those entities over which Council has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of Council's controlled entities are prepared for the same period as Council, using consistent accounting policies. The assets, liabilities, incomes and expenses of all controlled entities of Council have been included at the values shown in their unaudited financial reports. In preparing the consolidated financial statements all inter-entity balances and transactions, income and expenses and profit and losses from intra-group transactions have been eliminated in full.

Where there are no material differences between the Council and consolidated figures in the notes to the financial statements, then the consolidated figures are not displayed.

(d) Revenue recognition

Rates, grants, and contributions

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

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

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

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

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.

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

Sale of property, infrastructure, plant and equipment

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

Interest and rents

Interest and rents are recognised as revenue 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 non-current assets

Land improvements and buildings, infrastructure, plant and equipment, heritage assets, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis. Depreciation rates and methods are reviewed annually.

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.

Trees, Land and Land under roads assets are not depreciated on the basis they are assessed as not having a limited useful life and they are self generating assets.

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

Major depreciation periods used are listed below with changes made to a number of Infrastructure assets types to better reflect the actual annual asset consumption:

Property

Land Improvements	20 years
Buildings	50 years
Heritage Buildings	100 years

Plant, Motor Vehicles and Equipment

Plant and Equipment	4–10 years
Motor Vehicles	3–5 years
Furniture and Equipment	5–10 years
Office Equipment and Information Technology	4–10 years
Heritage Indoor Assets	100 years
Library Stocks	3–8 years
Intangible Assets	4 years

Infrastructure

Road Surface	25 years
Road Substructure	200 years
Sealed Footpaths	30–40 years
Kerb and Channel	60–80 years
Bridges	80 years
Rights of Way	15–200 years
Car Parks	50 years
Drains	100 years
Drainage Pits	50 years
Road Extras	10–25 years

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 1 Significant accounting policies (cont.)

(e) Repairs and maintenance

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

(f) Finance costs

Finance costs are recognised as an expense in the year in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. No finance costs were capitalised during the reporting year (nil in 2011).

(g) Recognition and measurement of assets**Acquisition**

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

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

The following classes of assets have been recognised in note 19. 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:

No changes have been made to the asset recognition threshold limits during the 2012 financial year.

	Threshold Limit \$'000
Property	
Land	all land
Land under roads	10
Land Improvements	5
Buildings (incl. Heritage Buildings)	5
Plant, Motor Vehicles, Furniture and Equipment	
Plant and Equipment	1
Motor Vehicles	all
Furniture and Equipment	1
Office Equipment and Information Technology	1
Heritage Indoor Assets	1
Library Stocks	all holdings with life exceeding one year
Intangible Assets	1
Infrastructure	
Roads, Streets, Rights of way, and Bridges	10
Road Extras	10
Drainage	10

Revaluation

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

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 4 years. The valuation is performed by experienced council officers.

Where 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 relevant expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of

asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Council recognises land under roads it controls at fair value.

(h) 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, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(i) Non-current assets held for sale

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

(j) Investment property

Investment property, Malvern City Square, is held to generate long-term rental yields and increased capital value. All tenant leases are on an arms length basis. Investment property is carried at fair value \$6,750,000 (\$6,750,000 2011), determined annually by Council's valuers. Changes to fair value are recorded in the Comprehensive Income Statement. (refer note 20).

(k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(l) Financial assets

Term deposits are valued at cost and interest revenues are recognised as they accrue. The policy is to hold Term Deposits through to their maturity (refer note 36).

(m) Other financial assets

Shares in the Prahran Market Pty Ltd, Regional Kitchen Pty Ltd, RFK Pty Ltd, and MAPS are measured at cost or fair value depending on the nature of the investment.

(n) Accounting for investments in associates

Council's investments in associates is accounted for using the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the Investments. The Council's share of the financial results of the Investments is recognised in the Comprehensive Income Statement of the year (refer note 14).

(o) Joint venture operations

The municipality's interest in a joint ventures' operation is recognised by including its share of any assets, liabilities, revenue, and expenses of the joint venture within the relevant items reported in Council's Comprehensive Income Statement, Balance Sheet, and Cash Flows Statement. All intra – entity transactions have been eliminated in full, in the preparation of these accounts (refer note 40).

(p) Contract deposits and retention amounts

Amounts received as contract deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 22).

(q) Employee benefits**Wages and salaries**

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll cost.

Annual Leave and Long Service Leave

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

The liability for employee benefits includes annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Council is estimated to be less than the annual entitlement for sick leave.

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

All annual leave is deemed to be current. For long service leave, any amount accrued for an employee with more than 7 years service is classified as current. Service of less than 7 years is classified as a non-current liability.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 1 Significant accounting policies (cont.)

The measurement of liabilities for annual leave and long service leave has been determined by reference to estimated settlement of the leave as at 30 June 2012 taking into account attrition rates and pay increases through promotion and certified agreements and increments.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) due within twelve months of balance date are measured at their nominal amounts with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Commonwealth bond rates are used for discounting future cash flows.

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 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 15% (2011, 15%).

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plans which provide benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 32.

Retirement gratuities

Retirement gratuities were provided to certain employees who joined the Council prior to 18 October 1995. The liability represents a set proportion of accumulated sick leave that is payable on retirement. At balance date, the liability is measured at the present value of estimated future cash flows to be made for this entitlement. Retirement gratuities expected to be paid later than one year have been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

(r) Leases

Finance leases

Leases of assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets that are currently held by Streetsahead Cleaning Service are being amortised over a 2 to 5 year period (refer notes 19, 24 and 40).

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 (refer note 34).

(s) Allocation between current and non-current

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

(t) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed. Such agreements are recognised on an 'as incurred' basis.

(u) Web site costs

Costs in relation to web sites are charged as an expense in the year in which they are incurred.

(v) Goods and Services Tax (GST)

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

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

(w) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(x) 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. The financial impact of the Standards when applied is expected to be minimal.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none">– simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;– removing the tainting rules associated with held-to-maturity assets;– simplifying the requirements for embedded derivatives;– removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;– allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and– reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:<ul style="list-style-type: none">a. the objective of the entity's business model for managing the financial assets; andb. the characteristics of the contractual cash flows.	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 1 Significant accounting policies (x) Pending Accounting Standards (cont.)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	These standards are aimed at limiting certain recognition and measurement options to align with GFS, and supplemented by additional disclosures.	Applicable for annual reporting periods commencing on or after 1 July 2011.	These amendments are not expected to impact Council
Key Characteristics of the Public Sector with Potential implications for Financial Reporting	These standards detail with numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
Amendments to Australian Accounting Standards – Financial Instruments: Disclosures, Recognition and Measurement [AASB 7, 139]	These standards detail the proposed changes to be made to the recognition, disclosure and measurement of impairment of financial instruments.	Applicable for annual reporting periods commencing on or after 1 July 2011 but before 1 July 2012.	These amendments are not expected to impact Council
AASB 2010-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2010-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instrument for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non derivative equity instruments.	Applicable for annual reporting periods commencing on or after 1 February 2011.	These amendments are not expected to impact Council
AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19.	Applicable for annual reporting periods commencing on or after 1 July 2010.	These amendments are not expected to impact Council

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred.	Applicable for annual reporting periods commencing on or after 1 July 2010.	This Interpretation is not expected to impact Council.

(y) Rounding

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

(z) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 2 Rates and charges

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 value of the land plus buildings and other improvements.

The Capital Improved Value (CIV) used to calculate general rates for 2011/2012 was \$55.186 billion (2010/2011 \$54.182 billion). The 2011/2012 rate in the CIV dollar was 0.001148 (2010/2011, 0.001102).

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Residential	52,687	48,271	52,687	48,271
Commercial and Industrial	10,075	11,280	10,075	11,280
Interest on rates	486	453	486	453
Garbage charge	13,645	12,711	13,645	12,711
Special Rates	1,235	1,014	1,235	1,014
	78,128	73,729	78,128	73,729

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation was first applied in the rating year commencing 1 July 2012.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2014, and the valuation will be first applied to the rating period commencing 1 July 2014.

Note 3 Traffic fines and parking

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Infringements and costs	10,834	9,331	10,834	9,331
PERIN court recoveries	2,147	2,139	2,147	2,139
Fees – ticket machines	1,379	1,297	1,379	1,297
Fees – car parking fees	2,017	1,921	2,017	1,921
Permits	207	191	207	191
	16,584	14,879	16,584	14,879

Note 4 User fees

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Leisure centre fees	3,608	2,283	3,608	2,283
Child care/ children's program fees	3,264	2,945	3,264	2,945
Town planning fees	862	898	912	885
Aged services fees	814	857	814	857
Registration fees	1,193	1,152	1,152	1,055
Rental income	5,589	5,351	8,702	8,333
Road occupancy charges	186	195	186	195
Building services fees	568	591	568	591
Green fees	953	881	881	962
Sponsorship	13	17	13	17
Other fees and charges	3,108	2,887	3,171	2,916
	20,158	18,057	23,271	21,039

Note 5 Grants

Grants were received in respect of the following:

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Summary of grants				
Federally funded grants	228	396	228	396
State funded grants	9,736	7,857	9,799	7,925
Total	9,964	8,253	10,027	8,321

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 5 Grants (cont.)

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Recurrent				
Addas	97	90	97	90
Adventure playground & leisure services	133	131	133	131
Apprentice Incentive program	-	20	-	20
Assessment services	493	479	493	479
Building inclusive communities	107	104	107	104
Community care – aged	161	138	161	138
Delivered meals	141	137	141	137
Family and children	206	200	206	200
Freeza program	24	25	24	25
Home help – aged	1,385	1,343	1,385	1,343
Home maintenance service	156	119	156	119
Immunisation	69	63	69	63
Library subsidy	568	556	568	556
Maternal and child health services	436	417	436	417
Planned activity group grant	218	211	218	211
Roads to recovery	199	217	199	217
School crossing subsidy	158	114	158	114
Specific home care	952	892	952	892
Victorian Grants Commission – General	3,063	1,380	3,063	1,380
Victorian Grants Commission – Local roads funding	564	362	564	362
Youth participation and access	30	30	30	30
Youth support services	173	170	173	170
Other minor grants	92	116	92	116
Total Recurrent	9,425	7,314	9,425	7,314
Non-recurrent				
Como Park North fitness equipment	54	54	54	54
Creating Better Places	34	136	34	136
Energy efficient street lighting	-	141	-	141
George Gahan Centre	-	40	-	40
HACC – minor capital	1	1	1	1
Harold Holt Centre redevelopment	-	500	-	500
Prahran Aquatic Centre Holst Project	23	-	23	-
Learner to probation L2P	26	59	26	59
Phoenix Park Community Centre Lift	100	-	100	-
Melbourne Water grants	100	-	100	-
Prahran RSL improvements grant	-	3	-	3
Safe roads motorcycle measures	-	5	-	5
Taxi Rank Safety Program	77	-	77	-
Taste Provincial Victoria – Prahran Market	-	-	63	68
Intersection improvements grant	74	-	74	-
Other minor grants	50	-	50	-
Total Non-Recurrent	539	939	602	1,007
	9,964	8,253	10,027	8,321

Note 5 Grants (cont.)

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Conditions on Grants				
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:				
Victorian Grants Commission – General	1,045	-	1,045	-
Victorian Grants Commission – Local roads funding	192	-	192	-
	1,237	-	1,237	-

The Victoria Grants Commission has completed the preliminary recommendations for the allocation of general purpose and local roads grants for 2012–13. The Commonwealth Government has made payment to Council the estimated 50% of the 2012–13 allocated grants based on the relativity allocations of 2011–12. This has been recognised as revenue and will be expended in 2012–13.

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:				
Roads to Recovery	-	199	-	199
Solar panel grant	-	140	-	140
Prahran RSL relocation Grant	-	27	-	27
	-	366	-	366
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	1,237	(366)	1,237	(366)

Note 6 Contributions

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Open space	4,076	2,916	4,076	2,916

Resort and recreation fees received during the year are transferred to Other reserves pursuant to section 18 of the Subdivision Act 1988 (Resort and Recreation Reserve) (refer notes 26 and 31).

Note 7 Reimbursements

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Council works cost recovery	425	699	425	699
State Revenue Office – valuation recoup	92	539	92	539
	517	1,238	517	1,238

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 8 Other revenue

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Joint Venture – Streetsahead Cleaning Service	1,501	1,286	1,501	1,286
Transport clearway towing	74	424	74	424
Dividends	388	384	388	384
Other	1,388	1,314	1,388	1,314
	3,351	3,408	3,351	3,408

Note 9 Employee benefits

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Wages and salaries	37,958	35,129	38,635	35,695
Annual leave and long service leave	5,515	5,032	5,515	5,032
Superannuation	3,473	3,285	3,473	3,285
Defined Benefit Superannuation	11,498	2,160	11,498	2,160
Fringe Benefits Tax and Worksafe	1,169	954	1,169	954
Other employee expenses	659	543	659	543
	60,272	47,103	60,949	47,669

Note 10 Materials and services

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Contract payments – parks	7,181	6,744	7,181	6,744
Contract payments – parking	5,010	5,229	5,010	5,229
Contract payments – waste	539	519	539	519
Contract payments – physical services	850	1,400	850	1,400
Contract payments – roads and drains	1,427	1,240	1,427	1,240
Contract payments – other	2,430	1,547	2,430	1,547
Legal and consulting fees	4,186	2,878	4,186	2,878
Stamp duty on summons and registration searches	1,470	1,186	1,470	1,186
Maintenance	2,711	3,250	3,018	3,533
Materials, services and vehicle cost	4,258	4,147	5,867	5,585
Utility cost	3,315	3,082	3,315	3,082
Fire services	2,793	2,658	2,793	2,658
Printing, stationery, postage and advertising	1,931	2,073	1,931	2,073
Insurance	968	796	968	796
Tipping fees and waste removal	3,138	2,596	3,138	2,596
Activities and events	1,997	1,842	1,997	1,842
Other	2,159	2,212	2,159	2,212
	46,363	43,399	48,279	45,120

Note 11 Depreciation and amortisation

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Land Improvements (incl. Car Parks)	1,314	1,215	1,314	1,215
Buildings	3,874	3,435	3,962	3,653
Heritage Buildings	782	773	782	773
Heritage Indoor Assets	17	16	17	16
Furniture and Equipment	380	375	380	375
Office Equipment and Information Technology	563	630	563	630
Plant, Motor Vehicles and Equipment	1,116	1,269	1,224	1,269
Library Books	825	823	825	823
Roads, Streets, ROW and Bridges	4,379	4,320	4,379	4,320
Road Extras	1,408	1,644	1,408	1,644
Drainage	1,370	1,338	1,370	1,338
Software – Intangible	790	955	793	955
Leased Assets	262	258	262	258
	17,080	17,051	17,279	17,269

Note 12 Finance costs

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Interest – borrowings	96	146	96	146
Interest – finance leases	105	96	105	96
	201	242	201	242

Note 13 Other expenses

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Audit – external	58	62	70	73
Audit – internal	132	113	132	113
Catering	307	287	307	287
Debt collection	40	51	40	51
Assets written off	1	74	1	74
Operating works projects	2,289	1,749	2,289	1,749
Sundry other	550	708	551	677
	3,377	3,044	3,390	3,024

Note 14
Investment in associate

Regional Landfill Clayton South

Background

The Regional Landfill Clayton South Investment is a joint council initiative comprising the municipalities of Stonnington, Glen Eira, Monash, Boroondara and Whitehorse for the sole purpose of owning and operating a putrescible landfill (rubbish tip) to the benefit of the owner Councils. The City of Stonnington has a 12.76% interest in the assets, liabilities, and operating result of this Investment. Council's share of the financial result in the Investment is brought to account using the equity accounting method as an investment in an associate based on 2012 unaudited accounts, (2011 unaudited accounts).

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Council's share of retained profits				
Council's share of retained profits at start of year	584	685	584	685
Reported profit for year	311	281	311	281
Transfers (to)/from reserves	-	-	-	-
Distributions for the year	(383)	(382)	(383)	(382)
Council's share of retained profits / (accumulated losses) at end of year	512	584	512	584
Council's share of reserves				
Council's share of reserves at start of year	297	297	297	297
Share of asset revaluation decrement	(218)	-	(218)	-
Council's share of reserves at end of year	79	297	79	297
Movement in carrying value of specific investment				
Carrying value of investment at start of year	1,860	1,961	1,860	1,961
Share of profit for year	311	281	311	281
Share of asset revaluation decrement	-	-	-	-
Distributions received	(383)	(382)	(383)	(382)
Carrying value of investment at end of year	1,788	1,860	1,788	1,860

Note 15
Cash and cash equivalents

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash on hand	12	11	12	11
Cash at bank	820	646	3,666	2,228
Term Deposits (90 days or less)	25,064	19,500	25,064	20,222
	25,896	20,157	28,742	22,461
Other financial assets – Term Deposits (greater than 90 days)	33,150	34,508	33,150	34,508
Councils cash and term deposits are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:				
– Reserve funds allocated for specific future purposes (Note 26)	20,355	19,644	20,355	19,644
– Trust funds and deposits (Note 22)	3,323	2,900	3,323	2,900
Restricted Funds	23,678	22,544	23,678	22,544
Total unrestricted cash and term deposits	35,368	32,121	38,214	34,425

Note 16
Trade and other receivables

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Rates debtors	1,766	1,599	1,766	1,599
Parking infringement debtors	13,923	13,607	13,923	13,607
Provision for doubtful debts – parking infringements	(10,781)	(10,679)	(10,781)	(10,679)
Other debtors	1,536	1,242	1,842	1,422
Provision for doubtful debts – other debtors	(100)	(100)	(100)	(100)
Special rate assessment	24	22	24	22
Net GST receivable	1,188	1,357	1,188	1,357
	7,556	7,048	7,862	7,228

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 17 Other financial assets

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current				
Term Deposits (note 1(l))	33,150	34,508	33,150	34,508
Non-current				
Shares in Prahran Market – At Cost	2,000	2,000	–	–
Shares in Regional Kitchen Pty Ltd – Fair Value	1,407	1,362	1,407	1,362
MAPS Shareholding – At Cost	15	15	15	15
	3,422	3,377	1,422	1,377
Total	36,572	37,885	34,572	35,885

Note 18 Other assets

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Accrued income	1,083	1,295	1,136	1,295
Prepayments	564	183	574	191
Other	38	5	38	5
	1,685	1,483	1,748	1,491

Note 19 Property, infrastructure, plant and equipment

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Summary				
at cost	65,200	82,012	69,988	86,638
at fair value as at 30 June 2010	1,308,224	1,841,652	1,308,224	1,841,942
at fair value as at 30 June 2012	434,880	–	434,880	–
Less accumulated depreciation	56,346	224,392	57,802	225,975
	1,686,758	1,617,260	1,685,302	1,615,967
Works in progress	5,822	8,226	5,822	8,226
Total	1,757,780	1,707,498	1,761,112	1,710,831

PROPERTY

Land

at fair value as at 30 June 2012	860,267	834,389	860,267	834,389
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Land Under Roads

at fair value as at 30 June 2010	380,590	380,590	380,590	380,590
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Land Improvements

at cost	6,399	1,668	6,399	1,668
at fair value as at 30 June 2010	47,891	47,891	47,891	47,891
Less accumulated depreciation	12,525	11,210	12,525	11,210
	41,765	38,349	41,765	38,349

Buildings

at cost	–	23,179	3,701	26,808
at fair value as at 30 June 2010	–	112,358	–	112,648
at fair value as at 30 June 2012	126,581	–	126,581	–
Less accumulated depreciation	–	3,486	947	4,635
	126,581	132,051	129,335	134,821

Heritage Buildings

at cost	–	3,393	–	3,393
at fair value as at 30 June 2010	–	46,957	–	46,957
at fair value as at 30 June 2012	49,334	–	49,334	–
Less accumulated depreciation	–	722	–	722
	49,334	49,628	49,334	49,628
Total Property	1,458,537	1,435,007	1,461,291	1,437,777

Valuation of buildings (Incl. Heritage Buildings) was undertaken by a qualified valuer Mr P. Fitzgerald AAPI CPV. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation.

Valuation of land was undertaken by a qualified valuer Mr P. Fitzgerald AAPI CPV. The valuation of land is at fair value as at the date of valuation.

Land under roads is valued at fair value. Fair value is based on Council valuations at 30 June 2010 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 19 Property, infrastructure, plant and equipment (cont.)

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
PLANT, MOTOR VEHICLES, FURNITURE AND EQUIPMENT				
Plant, motor vehicles and equipment				
at cost	15,881	15,645	16,667	16,350
Less accumulated depreciation	8,767	8,850	9,107	9,157
	7,114	6,795	7,560	7,193
Leased plant and equipment				
at cost	1,650	1,495	1,650	1,495
Less accumulated depreciation	473	470	473	470
	1,177	1,025	1,177	1,025
Furniture and equipment				
at cost	5,450	5,058	5,594	5,202
Less accumulated depreciation	3,402	3,023	3,486	3,079
	2,048	2,035	2,108	2,123
Office equipment and information technology				
at cost	6,338	6,162	6,496	6,310
Less accumulated depreciation	5,348	4,964	5,433	5,035
	990	1,198	1,063	1,275
Heritage indoor assets				
at cost	2,205	2,205	2,204	2,205
Less accumulated depreciation	1,005	988	1,005	988
	1,200	1,217	1,199	1,217
Library stocks				
at cost	15,530	14,685	15,530	14,685
Less accumulated depreciation	12,829	12,005	12,829	12,005
	2,701	2,680	2,701	2,680
Total Plant and Equipment	15,230	14,950	15,808	15,513

INFRASTRUCTURE

Roads, streets, rights of way and bridges

at cost	-	5,191	-	5,191
at fair value as at 30 June 2010	-	295,315	-	295,315
at fair value as at 30 June 2012	197,120	-	197,120	-
Less accumulated depreciation	-	125,988	-	125,988
	197,120	174,518	197,120	174,518

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Drainage				
at cost	-	3,331	-	3,331
at fair value as at 30 June 2010	-	104,676	-	104,676
at fair value as at 30 June 2012	61,845	-	61,845	-
Less accumulated depreciation	-	52,686	-	52,686
	61,845	55,321	61,845	55,321
Road Extras				
at cost	11,747	-	11,747	-
at fair value as at 30 June 2011	19,476	19,476	19,476	19,476
Less accumulated depreciation	11,997	-	11,997	-
	19,226	19,476	7,479	19,476
Total Infrastructure	278,191	249,315	278,191	249,315

Valuation of Roads, Streets, Rights of Way, Bridges, Drains, and Road Extras has been determined in accordance with a valuation undertaken by Mr J. Phillips Dip Eng CE.

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

Works in progress

Buildings	3,914	971	3,914	971
Land	-	3,746	-	3,746
Land Improvements	969	1,865	969	1,865
Roads, streets, rights of way and bridges	5	830	5	830
Drainage	260	521	260	521
Road Extras	566	288	566	288
Intangible Assets	108	5	108	5
Total Works in progress	5,822	8,226	5,822	8,226

Total Property, Infrastructure, Plant and Equipment	1,757,780	1,707,498	1,761,112	1,710,831
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Intangible Assets

at cost	11,236	10,732	11,281	10,780
Less accumulated depreciation	10,073	9,283	10,073	9,286
	1,163	1,449	1,208	1,494

Total Property, Infrastructure, Plant and Equipment (Incl Intangibles)	1,758,943	1,708,947	1,762,320	1,712,325
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Reconciliation of work in progress

Balance at beginning of financial year:	8,226	20,385	8,226	20,385
Acquisition of assets	28,574	30,219	28,574	30,219
Transferred to assets	(30,978)	(42,378)	(30,978)	(42,378)
Balance at end of financial year	5,822	8,226	5,822	8,226

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 19 Property, infrastructure, plant and equipment (cont.)

MOVEMENT - COUNCIL 2012

	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Revaluation increments / (decrements) (Note 26) \$'000	Depreciation and amortisation (Note 11) \$'000	WDV of disposals (Note 25) \$'000	WDV of Leased Assets Terminated \$'000	Assets Written Off \$'000	Balance at end of financial year \$'000
Property								
Land	834,389	7,215	18,663	-	-	-	-	860,267
Land Under Roads	380,590	-	-	-	-	-	-	380,590
Land improvements	38,349	4,730	-	1,314	-	-	-	41,765
Buildings	132,051	4,220	(5,816)	3,874	-	-	-	126,581
Heritage Buildings	49,628	351	137	782	-	-	-	49,334
Total Property	1,435,007	16,516	12,984	5,970	-	-	-	1,458,537
Plant and Equipment								
Plant, Motor Vehicles and Equipment	6,795	1,987	-	1,116	551	-	1	7,114
Leased Plant, Motor Vehicles and Equipment	1,025	503	-	262	-	89	-	1,177
Furniture and Equipment	2,035	393	-	380	-	-	-	2,048
Office Equipment and Information Technology	1,198	381	-	563	26	-	-	990
Heritage Indoor Assets	1,217	-	-	17	-	-	-	1,200
Library Stocks	2,680	846	-	825	-	-	-	2,701
Total Plant and Equipment	14,950	4,110	-	3,163	577	89	1	15,230
Infrastructure								
Roads, Streets, Rights of Way, and Bridges	174,518	6,372	20,609	4,379	-	-	-	197,120
Drainage	55,321	2,822	5,072	1,370	-	-	-	61,845
Road Extras	19,476	1,158	-	1,408	-	-	-	19,226
Total Infrastructure	249,315	10,352	25,681	7,157	-	-	-	278,191
Works in progress								
Buildings	971	2,943	-	-	-	-	-	3,914
Land	3,746	(3,746)	-	-	-	-	-	-
Land Improvements	1,865	(896)	-	-	-	-	-	969
Roads, streets, rights of way and bridges	830	(825)	-	-	-	-	-	5
Drainage	521	(261)	-	-	-	-	-	260
Road Extras	288	278	-	-	-	-	-	566
Intangibles	5	103	-	-	-	-	-	108
* Total Works in progress	8,226	(2,404)	-	-	-	-	-	5,822
Total Property, Infrastructure, Plant and Equipment	1,707,498	28,574	38,665	16,290	577	89	1	1,757,780
Intangible Assets	1,449	504	-	790	-	-	-	1,163
Total Property, Infrastructure, Plant and Equipment, and Intangibles	1,708,947	29,078	38,665	17,080	577	89	1	1,758,943

* Refer to the reconciliation of work in progress in Note 19 on page 121 for further detail.

MOVEMENT - CONSOLIDATED 2012

	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Revaluation increments / (decrements) (Note 26) \$'000	Depreciation and amortisation (Note 11) \$'000	WDV of disposals (Note 25) \$'000	WDV of Leased Assets Terminated \$'000	Assets Written Off \$'000	Balance at end of financial year \$'000
Property								
Land	834,389	7,215	18,663	-	-	-	-	860,267
Land Under Roads	380,590	-	-	-	-	-	-	380,590
Land improvements	38,349	4,730	-	1,314	-	-	-	41,765
Buildings	134,821	4,292	(5,816)	3,962	-	-	-	129,335
Heritage Buildings	49,628	351	137	782	-	-	-	49,334
Total Property	1,437,777	16,588	12,984	6,058	-	-	-	1,461,291
Plant and Equipment								
Plant, Motor Vehicles and Equipment	7,193	2,112	-	1,224	553	-	1	7,527
Leased Plant, Motor Vehicles and Equipment	1,025	503	-	262	-	89	-	1,177
Furniture and Equipment	2,123	393	-	380	-	-	-	2,136
Office Equipment and Information Technology	1,275	381	-	563	26	-	-	1,067
Heritage Indoor Assets	1,217	-	-	17	-	-	-	1,200
Library Stocks	2,680	846	-	825	-	-	-	2,701
Total Plant and Equipment	15,513	4,235	-	3,271	579	89	1	15,808
Infrastructure								
Roads, Streets, Rights of Way, and Bridges	174,518	6,372	20,609	4,379	-	-	-	197,120
Drainage	55,321	2,822	5,072	1,370	-	-	-	61,845
Road Extras	19,476	1,158	-	1,408	-	-	-	19,226
Total Infrastructure	249,315	10,352	25,681	7,157	-	-	-	278,191
Works in progress								
Buildings	971	2,943	-	-	-	-	-	3,914
Land	3,746	(3,746)	-	-	-	-	-	-
Land Improvements	1,865	(896)	-	-	-	-	-	969
Roads, streets, rights of way and bridges	830	(825)	-	-	-	-	-	5
Drainage	521	(261)	-	-	-	-	-	260
Road Extras	288	278	-	-	-	-	-	566
Intangibles	5	103	-	-	-	-	-	108
* Total Works in progress	8,226	(2,404)	-	-	-	-	-	5,822
Total Property, Infrastructure, Plant and Equipment	1,710,831	28,771	38,665	16,486	579	89	1	1,761,112
Intangible Assets	1,494	507	-	793	-	-	-	1,208
Total Property, Infrastructure, Plant and Equipment, and Intangibles	1,712,325	29,278	38,665	17,279	579	89	1	1,762,320

* Refer to the reconciliation of work in progress in Note 19 on page 121 for further detail.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 20 Investment property

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Balance at beginning of the financial year	6,750	6,600	6,750	6,600
Capital expenditure during year	-	6	-	6
Movement in fair value from revaluation	-	144	-	144
Balance at end of financial year	6,750	6,750	6,750	6,750

Investment property, Malvern City Square, is held to generate long-term rental yields. All tenant leases are on arms length basis. Investment property is carried at fair value being \$6,750,000 (\$6,750,000, 2011), determined annually by Council Valuers.

Note 21 Trade and other payables

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade payables	7,598	9,908	7,857	10,094
Accrued expenses	5,054	5,106	5,082	5,161
Other	102	113	102	111
	12,754	15,127	13,041	15,366

Note 22 Trust funds and deposits

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Refundable building deposits	270	264	270	264
Refundable contract deposits	540	630	540	630
Retention amounts	595	387	595	387
Other refundable deposits	1,918	1,619	1,918	1,619
	3,323	2,900	3,323	2,900

Note 23 Provisions

	Annual leave \$'000	Long service leave \$'000	Gratuity \$'000	Other \$'000	Total \$'000
2012 Council					
Balance at beginning of the financial year	4,059	8,409	148	311	12,927
Provision utilised	(2,322)	(251)	(19)	(731)	(3,323)
Additional provisions made	2,466	1,261	10	12,275	16,012
Balance at the end of the financial year	4,203	9,419	139	11,855	25,616
2012 Consolidated					
Balance at beginning of the financial year	4,097	8,414	148	311	12,970
Provision utilised	(2,322)	(251)	(19)	(731)	(3,323)
Additional provisions made	2,464	1,263	10	12,275	16,012
Balance at the end of the financial year	4,239	9,426	139	11,855	25,659

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

a) Employee benefits

Current

Annual leave	4,203	4,059	4,239	4,097
Long service leave	7,963	7,159	7,963	7,159
Time in lieu	88	70	88	70
Defined Benefit Superannuation	7,274	-	7,274	-
Other	269	241	269	241
	19,797	11,529	19,833	11,567

Non-current

Long service leave	1,456	1,250	1,463	1,255
Retirement gratuity	139	148	139	148
Defined Benefit Superannuation	4,224	-	4,224	-
	5,819	1,398	5,826	1,403

Aggregate carrying amount of employee benefits:

Current	19,797	11,529	19,833	11,567
Non-current	5,819	1,398	5,826	1,403
	25,616	12,927	25,659	12,970

The following assumptions were adopted in measuring the present value of long service leave and retiring gratuity:

Weighted average increase in employee costs	3.92%	3.86%	3.92%	3.86%
Weighted average discount rates	2.81%	4.79%	2.81%	4.79%
Weighted average settlement period	12	12	12	12

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 23 Provisions (cont.)

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current Employee Benefits that:				
Expect to be utilised within 12 months	10,373	3,424	10,409	3,479
Expect to be utilised after 12 months	9,424	8,105	9,424	8,088
	19,797	11,529	19,833	11,567
(b) Other Current Provision				
Insurance Excess Provision – current	200	131	200	131
Aggregate carrying amount of provision:				
Current	19,997	11,660	20,033	11,698
Non-current	5,819	1,398	5,826	1,403
Total	25,816	13,058	25,859	13,101

Note 24 Interest-bearing loans and borrowings

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Borrowings – secured	720	677	720	677
Non-current				
Borrowings – secured	1,967	2,687	1,967	2,687
Total	2,687	3,364	2,687	3,364
The maturity profile for Council's borrowings is:				
Not later than one year	720	677	720	677
Later than one year and not later than five years	1,967	2,687	1,967	2,687
Later than five years	–	–	–	–
	2,687	3,364	2,687	3,364

Finance leases

Council's share of Streetsahead joint venture's obligations under finance leases for the lease of plant and equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):

Not later than one year	435	387	435	387
Later than one year and not later than five years	1,032	898	1,032	898
Later than five years	–	–	–	–
Minimum lease payments	1,466	1,284	1,466	1,284
Less: Future finance charges	(251)	(232)	(251)	(232)
Recognised in the balance sheet as:	1,216	1,052	1,216	1,052

Note 24 Interest-bearing loans and borrowings (cont.)

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Leases	324	293	324	293
Non-current				
Leases	892	759	892	759
Total	1,216	1,052	1,216	1,052
Aggregate carrying amount of interest-bearing loans and borrowings:				
Current	1,044	970	1,044	970
Non-current	2,859	3,446	2,859	3,446
	3,903	4,416	3,903	4,416

Note 25 Gain/Loss on disposal of property, plant and equipment

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Total				
Proceeds from sales	655	409	657	409
Less carrying amount of assets sold	577	446	579	446
Gain on disposal	78	(37)	78	(37)
Council				
Proceeds from sales	648	394	652	394
Less carrying amount of assets sold	566	419	568	419
Gain on disposal	82	(25)	84	(25)
Share of equity in joint venture				
Proceeds from sales	7	16	7	16
Less carrying amount of assets sold	11	28	11	28
Gain on disposal	(4)	(12)	(4)	(12)

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 26 Reserves

(a) Asset revaluation reserve	Balance at beginning of financial year \$'000	Increment (decrement) \$'000	Balance at end of financial year \$'000
2012			
Property			
Land	483,729	18,663	502,392
Land improvements	5,764	-	5,764
Buildings	193,403	(5,816)	187,587
Heritage buildings	19,061	137	19,198
	701,957	12,984	714,941
Infrastructure			
Roads, streets, rights of way and bridges	90,412	20,609	111,021
Road extras	11,922	-	11,922
Drainage	19,381	5,072	24,453
	121,715	25,681	147,396
Share of net asset revaluation increment of associate	1,172	-	1,172
Total Asset revaluation reserve	824,844	38,665	863,509
2011			
Property			
Land	483,729	-	483,729
Land improvements	5,764	-	5,764
Buildings	193,403	-	193,403
Heritage buildings	19,061	-	19,061
	701,957	-	701,957
Infrastructure			
Roads, streets, rights of way and bridges	90,412	-	90,412
Road extras	11,922	-	11,922
Drainage	19,381	-	19,381
	121,715	-	121,715
Share of net asset revaluation increment of associate	1,172	-	1,172
Total Asset revaluation reserve	824,844	-	824,844

(b) Reserves	Balance at beginning of financial year \$'000	Net Asset revaluation increment/ (decrement) \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of financial year \$'000	Consolidated balance at end of financial year \$'000
2012						
Asset revaluation reserve	824,844	38,665	-	-	863,509	863,509
Open Space Reserve	16,543	-	4,903	(5,759)	15,687	15,687
Off-Street Parking Reserve	839	-	42	-	881	881
Developer Contributions	162	-	20	-	182	182
Future Fund Reserve	2,100	-	1,505	-	3,605	3,605
Total Reserves	844,488	38,665	6,470	(5,759)	883,864	883,864
2011						
Asset revaluation reserve	824,844	-	-	-	824,844	824,844
Open Space Reserve	11,500	-	5,043	-	16,543	16,543
Off-Street Parking Reserve	790	-	49	-	839	839
Developer Contributions	63	-	149	(50)	162	162
Future Fund Reserve	1,600	-	500	-	2,100	2,100
Total Reserves	838,797	-	5,741	(50)	844,488	844,488

The Open Space Reserve is used to record developer contributions and utilisation of this reserve to purchase or develop open space assets.

The Off-Street Parking Reserve is used to record contributions to off-street parking and funds the purchase or development of off-street parking assets.

The Future Fund Reserve is a reserve created to assist Council when making strategic property acquisitions.

Note 27 Adjustments directly to equity

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Adjustment arising from recognising land under roads	-	380,590	-	380,590

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 28 (a)

Reconciliation of cash flows from operating activities to surplus for the year

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Profit from operations	6,100	12,057	6,774	12,886
Depreciation/amortisation	17,080	17,051	17,279	17,269
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(78)	37	(78)	37
Assets written off	1	74	1	74
Share of other comprehensive loss of associates and joint ventures accounted for by the equity method	72	(101)	72	(101)
Fair value adjustments for investment property	-	(144)	-	(144)
Fully depreciated assets written back	-	-	-	-
Change in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(381)	(105)	(560)	101
(Increase)/decrease in prepayments	(381)	(57)	(391)	(44)
Increase/(decrease) in accrued income	7	41	7	41
Increase/(decrease) in trade and other payables	(2,749)	1,372	(2,662)	1,418
(Decrease)/increase in other liabilities	128	-	113	(28)
(Increase)/decrease in inventories	-	-	-	-
Increase in provisions	12,758	404	12,742	418
Net cash provided by operating activities	32,557	30,629	33,297	31,926

Note 28 (b)

Payments for other financial assets

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Operating lease payments	203	165	203	165
Movement in investments	952	(3,609)	952	(3,609)
	1,155	(3,444)	1,155	(3,444)

Note 29

Reconciliation of cash and cash equivalents

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents (see note 15)	25,896	20,157	28,742	22,461
Less bank overdraft	-	-	-	-
	25,896	20,157	28,742	22,461

Note 30

Financing arrangements

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Bank overdraft	250	250	250	250
Used facilities	-	-	-	-
Unused facilities	250	250	250	250

Note 31

Restricted assets

Council has cash, cash equivalents and other financial assets (notes 15,17) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Open Space and Car Parking Reserves).

	COUNCIL		CONSOLIDATED	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trust funds and deposits (note 22)	3,323	2,900	3,323	2,900
Reserve funds (note 26(b))	16,568	17,382	16,568	17,382
	19,891	20,282	19,891	20,282

Note 32

Superannuation

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

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.25% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit

The Fund's Defined Benefit 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, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2011, Council makes the following contributions:

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 32 Superannuation (cont.)

Fund surplus or deficit (ie the difference between fund assets and liabilities) are calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue.

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding contributions tax in the defined benefit fund of which Council is a member. Council was made aware of the expected short fall through the year and was informed formally of its share of the short fall on 2 August 2012 which amounted to \$11.498 million. Council has recommended to pay for this shortfall with first payment on 1 September 2012 for \$7.274 million and the balance of shortfall on 1 July 2013. Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefits (See Note 9) and in the Balance Sheet in Provisions Employee Benefits (See Note 23a).

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2011 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-11 \$'000
Net Market Value of Assets	4,317,284
Accrued Benefits (per accounting standards)	2,377,500
Difference between Assets and Accrued Benefits	1,939,784
Vested Benefits	2,211,000

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

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Defined benefit funds				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	897	740	897	740
Authorities Superannuation Fund (Vision Super) at reporting date.	11,498	-	11,498	-
	12,395	740	12,395	740
Accumulated Funds				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,348	5,403	3,431	5,403
Employer contributions to other superannuation funds	125	42	42	42
	3,473	5,445	3,473	5,445
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	138	134	134	134
	138	134	134	134

Note 33

Commitments

The Group has entered into the following commitments. Prahran Market has no material commitments.

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2012					
Operating					
Production of food services (Aged meals)	780	390	-	-	1,170
Municipal turf maintenance and mowing services	1,255	1,299	672	-	3,226
Provision of Worksafe insurance services	703	703	2,109	-	3,515
Parking enforcement and car parks	4,434	-	-	-	4,434
Provision of insurance broking and premium services	696	696	2,089	-	3,481
Central record services	677	716	740	-	2,133
Management of car parks	519	260	-	-	779
Specialised consulting services (Panel)	300	300	300	-	900
Hard and green waste collection	270	-	-	-	270
Cleaning of municipal buildings and aquatics centres	736	171	351	-	1,258
Recycling Collections	905	940	3,030	-	4,875
Building Maintenance Services	858	858	858	-	2,574
Drainage and Pit Cleaning	258	258	258	-	774
Graffiti and Poster Removal	392	392	392	-	1,176
Other contractual obligations	2,203	1,093	1,594	-	4,890
Total	14,986	8,076	12,393	-	35,455
Capital					
Construction works	6,979	3,802	1,166	-	11,947
Other capital works	2,901	-	-	-	2,901
Total	9,880	3,802	1,166	-	14,848
2011					
Production of food services (Aged meals)	780	780	390	-	1,950
Municipal turf maintenance and mowing services	1,223	1,255	1,971	-	4,449
Provision of Worksafe insurance services	703	703	2,109	-	3,515
Parking enforcement and car parks	5,911	4,434	-	-	10,345
Provision of insurance broking and premium services	696	696	2,089	-	3,481
Central record services	640	677	1,456	-	2,773
Management of car parks	519	519	260	-	1,298
Specialised consulting services (Panel)	300	300	600	-	1,200
Hard and green waste collection	600	650	-	-	1,250
Cleaning of municipal buildings and aquatics centres	736	736	531	-	2,003
Recycling Collections	850	870	2,825	-	4,545
Other contractual obligations	1,223	798	1,127	-	3,148
Total	14,181	12,418	13,358	-	39,957
Capital					
Construction works	8,516	3,827	3,358	-	15,701
Plant and equipment	87	87	64	-	238
Other capital works	3,417	1,791	1,641	-	6,849
Total	12,020	5,705	5,063	-	22,788

Note 34

Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Not later than one year	299	381	299	381
Later than one year and not later than five years	184	411	184	411
Later than five years	–	–	–	–
	483	792	483	792

Note 35

Contingent liabilities and contingent assets

Contingent liabilities

Legal Matters

The Council is presently involved in several confidential legal matters, which are being managed by Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report (30 June 2011, same position).

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets the likelihood of making such contributions in future periods has increased (Refer Note 32).

Public Liability

As a local authority with ownership of numerous parks, reserves, roads, other land and buildings, the City of Stonnington regularly receives claims and demands allegedly arising from incidents which occur on land and buildings belonging to Council. There are a number of outstanding claims against Council in this regard. The City of Stonnington carried a \$400 million public liability insurance policy with Liability Mutual Insurance Scheme for the 2011/2012 year (2011, Civic Mutual Plus), and had an excess of \$50,000 for general claims on this policy for the 2011/2012 year (2011, \$50,000, Civic Mutual Plus), Council is unaware of any claim or instance that would fall outside the terms of this insurance policy. Council is unaware of any claim or instance that would fall outside the terms of this insurance policy,

Professional Indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility for issuing permits and approvals, Council receives claims and demands allegedly arising from actions of Council or its officers. The City of Stonnington carried a \$300 million professional indemnity insurance policy with Liability Mutual Insurance Scheme (2011, \$300 million, Civic Mutual Plus), and had an excess of \$50,000 on this policy in 2011/2012 (2011, \$50,000, Civic Mutual Plus). Council is unaware of any claim or instance that would fall outside the terms of this insurance policy.

Other

The City of Stonnington is not aware of other matters outstanding which may lead to a future liability that is not already allowed for in the financial statements.

Note 36

Financial Instruments

a) Accounting Policy, Terms and Conditions – Council

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalents	15	Cash on hand and money market at call are valued at face value.	On call deposits returned a floating interest rate of 4.33% (3.00% in 2010/2011). The interest rate at balance date was 3.50% (4.50% in 2010/2011).
		Term deposits are held to maximise interest returns of surplus cash. Interest is recognised as it accrues.	Funds returned fixed interest rate of between 5.30% (5.85% in 2010/2011) and 6.00% (6.00% in 2010/2011) net of fees.
Other financial assets	17	Term deposits are held to maximise interest returns of surplus cash.	Funds returned fixed interest rate of between 5.00% (5.10% in 30 June 2011) and 7.05% (7.05% in 30 June 2011) net of fees.
Trade and other receivables:			
Other debtors	16	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are based on 30 days. Interest charged on the advance to the Prahran Market is based on the Local Government borrowing rate.
Financial Liabilities			
Trade and other payables	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	24	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principle amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.38% (6.14% in 2010/2011). As at balance date, the Council had finance leases with an average lease term of 5 years. The weighted average rate implicit in the lease is 9.11% (9.20% in 2010/2011).
Bank overdraft	30	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The overdraft limit of \$250,000 was not utilised in 2011/2012 (Nil in 2010/2011).
Trust funds and deposits	22	Trust funds and deposits are carried at their principal amount.	Terms and conditions depend on the nature of the trust fund and deposit held.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 36 Financial Instruments (cont.)

b) Interest Rate Risk – Council

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

	Fixed interest maturing in:					Non- interest bearing \$'000	Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			
2012 Council							
Financial assets							
Cash and cash equivalents	25,064	–	–	–	832	25,896	
Other financial assets	–	30,150	3,000	–	3,422	36,572	
Trade and other receivables	–	–	–	–	1,436	1,436	
Accrued income	–	–	–	–	1,083	1,083	
Total financial assets	25,064	30,150	3,000	–	6,773	64,987	
Weighted average interest rate	5.85%	5.42%	6.36%	–			
Financial liabilities							
Trade and other payables	–	–	–	–	7,700	7,700	
Trust funds and deposits	–	–	–	–	3,323	3,323	
Interest-bearing loans and borrowings	–	1,044	2,859	–	–	3,903	
Total financial liabilities	–	1,044	2,859	–	11,023	14,926	
Weighted average interest rate	–	6.10%	6.40%	–			
Net financial assets/(liabilities)	25,064	29,106	141	–	(4,250)	50,061	
2011 Council							
Financial assets							
Cash and cash equivalents	19,500	–	–	–	657	20,157	
Other financial assets	–	31,508	3,000	–	3,377	37,885	
Trade and other receivables	–	–	–	–	1,142	1,142	
Accrued income	–	–	–	–	1,295	1,295	
Total financial assets	19,500	31,508	3,000	–	6,471	60,479	
Weighted average interest rate	4.50%	6.24%	6.64%	–			
Financial liabilities							
Trade and other payables	–	–	–	–	10,021	10,021	
Trust funds and deposits	–	–	–	–	2,900	2,900	
Interest-bearing loans and borrowings	–	970	3,446	–	–	4,416	
Total financial liabilities	–	970	3,446	–	12,921	17,337	
Weighted average interest rate	–	6.14%	6.27%	–			
Net financial assets/(liabilities)	19,500	30,538	(446)	–	(6,450)	43,142	

b) Interest Rate Risk – Consolidated

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

	Fixed interest maturing in:					
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	Total \$'000
2012 Consolidated						
Financial assets						
Cash and cash equivalents	25,064	–	–	–	3,678	28,742
Other financial assets	–	30,150	3,000	–	1,422	34,572
Trade and other receivables	–	–	–	–	1,742	1,742
Accrued income	–	–	–	–	1,136	1,136
Total financial assets	25,064	30,150	3,000	–	7,978	66,192
Weighted average interest rate	5.85%	5.42%	6.36%	–		
Financial liabilities						
Trade and other payables	–	–	–	–	7,959	7,959
Trust funds and deposits	–	–	–	–	3,323	3,323
Interest-bearing loans and borrowings	–	1,155	2,748	–	–	3,903
Total financial liabilities	–	1,155	2,748	–	11,282	15,185
Weighted average interest rate	–	6.10%	6.40%	–		
Net financial assets/(liabilities)	25,064	28,995	252	–	(3,304)	51,007
2011 Consolidated						
Financial assets						
Cash and cash equivalents	20,222	–	–	–	2,239	22,461
Other financial assets	–	31,508	3,000	–	1,377	35,885
Trade and other receivables	–	–	–	–	1,322	1,322
Accrued income	–	–	–	–	1,295	1,295
Total financial assets	20,222	31,508	3,000	–	6,233	60,963
Weighted average interest rate	4.50%	6.24%	6.64%			
Financial liabilities						
Trade and other payables	–	–	–	–	10,205	10,205
Trust funds and deposits	–	–	–	–	2,900	2,900
Interest-bearing loans and borrowings	–	970	3,446	–	–	4,416
Total financial liabilities	–	970	3,446	–	13,105	17,521
Weighted average interest rate	–	6.14%	6.27%	–		
Net financial assets/(liabilities)	20,222	30,538	(446)	–	(6,872)	43,442

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 36 Financial Instruments (cont.)

(c) Net Fair Values

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

	COUNCIL				CONSOLIDATED			
	Total carrying amount as per Balance Sheet		Aggregate net fair value		Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial Instruments								
1) Financial assets								
Cash and cash equivalents	25,896	20,157	25,896	20,157	28,742	22,461	28,742	22,461
Other financial assets	36,572	37,885	36,572	37,885	34,572	35,885	34,572	35,885
Trade and other receivables	1,436	1,142	1,436	1,142	1,742	1,322	1,742	1,322
Accrued income	1,083	1,295	1,083	1,295	1,136	1,295	1,136	1,295
Total financial assets	64,987	60,479	64,987	60,479	66,192	60,963	66,192	60,963
2) Financial liabilities								
Trade and other payables	7,700	10,021	7,700	10,021	7,959	10,205	7,959	10,205
Trust funds and deposits	3,323	2,900	3,323	2,900	3,323	2,900	3,323	2,900
Interest-bearing loans and borrowings	3,903	4,416	3,548	4,014	3,903	4,416	3,547	4,014
Total financial liabilities	14,926	17,337	14,571	16,935	15,185	17,521	14,829	17,119

(d) Credit Risk

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

(e) 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.

Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

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

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

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

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

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment, and
- 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 rates and charges which becomes a legally obligated charge on the property. We do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 35.

Movement in Provisions for Doubtful Debts

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Balance at the beginning of the year	10,779	10,500	10,794	10,504
New Provisions recognised during the year	95	240	99	257
Amounts already provided for and written off as uncollectible	–	–	–	(6)
Amounts provided for but recovered during the year	7	39	7	39
Balance at end of year	10,881	10,779	10,900	10,794

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 36 Financial Instruments (cont.)

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default.

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

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current (not yet due)	1,283	1,031	1,567	1,205
Past due by up to 30 days	77	36	86	41
Past due between 31 and 60 days	11	15	24	15
Past due by more than 61 days	65	61	65	61
Total Trade and Other Receivables	1,436	1,143	1,742	1,322

Ageing of individually impaired Trade and Other Receivables

At balance date there were no other debtors representing financial assets that were impaired (2011, Nil).

Liquidity risk

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities.

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

	6 months 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
2012 Council							
Trade and other payables	7,700	–	–	–	–	7,700	7,700
Trust funds and deposits	3,323	–	–	–	–	3,323	3,323
Interest-bearing loans and borrowings	965	546	748	1,645	–	3,903	3,903
Total financial liabilities	11,988	546	748	1,645	–	14,926	14,926
2011 Council							
Trade and other payables	10,021	–	–	–	–	10,021	10,021
Trust funds and deposits	2,900	–	–	–	–	2,900	2,900
Interest-bearing loans and borrowings	1,026	415	859	2,116	–	4,416	4,416
Total financial liabilities	13,947	415	859	2,116	–	17,337	17,337
2012 Consolidated							
Trade and other payables	7,959	–	–	–	–	7,959	7,959
Trust funds and deposits	3,323	–	–	–	–	3,323	3,323
Interest-bearing loans and borrowings	965	546	748	1,645	–	3,903	3,903
Total financial liabilities	12,247	546	748	1,645	–	15,185	15,185
2011 Consolidated							
Trade and other payables	10,205	–	–	–	–	10,205	10,205
Trust funds and deposits	2,900	–	–	–	–	2,900	2,900
Interest-bearing loans and borrowings	1,026	415	859	2,116	–	4,416	4,416
Total financial liabilities	14,131	415	859	2,116	–	17,521	17,521

(f) Sensitivity disclosure analysis

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

- A parallel shift of +2% and -1% in market interest rates (AUD) from year-end rates of 4.4%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 36 Financial Instruments (cont.)

Market risk exposure	Interest rate risk – Council					
	Carrying amount subject to interest		-1%		2%	
			100 basis points		100 basis points	
	Consolidated \$'000	Council \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000

2012

Financial assets:

Cash and cash equivalents	28,742	25,896	(259)	(259)	518	518
Other financial assets	33,150	33,150	(332)	(332)	663	663

Financial liabilities:

Interest-bearing loans and borrowings	–	3,903	39	39	(78)	(78)
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2011

Financial assets:

Cash and cash equivalents	22,461	20,157	(30)	(30)	60	6
Other financial assets	34,508	33,150	(510)	(510)	1,020	1,020

Financial liabilities:

Interest-bearing loans and borrowings	–	4,416	44	44	(88)	(88)
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Note 37

Auditors' remuneration

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Audit fee to conduct external audit – Victorian Auditor-General	58	62	70	73
Internal audit fees – Oakton (2011, Oakton)	132	113	132	113
	190	175	202	186

Note 38

Events occurring after balance date

On 25 June 2012 Council made a decision to purchase property at 3 Winter Street, Malvern. Council entered into a contract to purchase the property on 17 July 2012 and made a 10% deposit payment on that date. The total consideration is \$2.4 million and balance of payment was made on settlement date 27 July 2012.

On 26 November 2008, an Order was published pursuant to the provisions of Schedule 5A of the Road Management Act 2004 requiring the Council to surrender part of its land to Roads Corporation for the Monash Freeway Upgrade. The Council made a claim for compensation pursuant to the provisions of Section 37 of the Land Acquisition and Compensation Act 1986 for pecuniary loss and expenses suffered as a direct, natural and reasonable consequences for the Order. Negotiations have taken place between the Council and Roads Corporation and as a result of such negotiations full and final settlement of all claims and entitlements of the Council in respect of the acquired land has been reached for the consideration of \$467,467 on 5 July 2012.

Note 39

Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Anne O'Shea	1 July 2011 to 30 June 2012
	Councillor Claude Ullin	1 July 2011 to 30 June 2012
	Councillor John Chandler	1 July 2011 to 30 June 2012
	Councillor Melina Sehr	1 July 2011 to 30 June 2012
	Councillor Judy Hindle	1 July 2011 to 30 June 2012
	Councillor Tas Athanasopoulos	1 July 2011 to 30 June 2012
	Councillor Greg Hannan	1 July 2011 to 30 June 2012
	Councillor Tim Smith	1 July 2011 to 30 June 2012
	Councillor Angus Nicholls	1 July 2011 to 30 June 2012
Chief Executive Officer	Warren Roberts	1 July 2011 to 30 June 2012

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers whose total remuneration from Council and any related entities fall within the following bands:

	COUNCIL		CONSOLIDATED	
	2012 No.	2011 No.	2012 No.	2011 No.
\$1,000 – \$9,999	–	–	2	1
\$10,000 – \$19,999	–	–	3	–
\$20,000 – \$29,999	7	7	8	10
\$30,000 – \$39,999	–	–	–	–
\$40,000 – \$49,999	–	–	–	–
\$50,000 – \$59,999	1	1	1	1
\$60,000 – \$69,999	1	1	1	1
\$70,000 – \$79,999	–	–	–	–
\$270,000 – \$279,999	–	–	–	–
\$310,000 – \$319,999	1	1	1	1
	10	10	16	14
	\$'000	\$'000	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	642	626	723	696

(iii) No retirement benefits have been made by the Council to a Responsible Person (2010/2011, Nil).

(iv) No loans have been made, guaranteed, or secured by the Council to a Responsible Person during the reporting year (2010/2011 – Nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible

Persons, or Related Parties of such Responsible Persons, during the reporting year (2010/2011 – Nil).

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 39 Related party transactions (cont.)

(vi) Senior Officers Remuneration

A Senior Officer, other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$127,000 (2010/11 \$124,000).

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

	COUNCIL		CONSOLIDATED	
	2012 No.	2011 No.	2012 No.	2011 No.
<\$127,000	–	1	6	1
\$127,000 – \$129,999	2	1	2	1
\$130,000 – \$139,999	2	6	2	6
\$140,000 – \$149,999	12	9	12	9
\$150,000 – \$159,999	3	–	3	–
\$160,000 – \$169,999	–	2	–	2
\$170,000 – \$179,999	1	–	1	–
\$180,000 – \$189,999	–	–	–	–
\$190,000 – \$199,999	5	–	5	–
\$200,000 – \$209,999	–	4	–	4
	25	23	31	23
	\$'000	\$'000	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included	4,037	3,575	4,118	3,669

Note 40

Joint venture information

Streetsahead Cleaning Service

The Cities of Stonnington and Port Phillip participate as partners in a joint venture with the primary objective of providing cleansing services to both Councils. The Joint Venture commenced operating on 1 February 2000 and undertakes work including street sweeping, footpath sweeping, land sweeping, weed control, beach and foreshore cleaning, litter bin clearing, and pit cleaning. The Council has a 50% interest in the assets, liabilities, and operating result of this Joint Venture. The Council's aggregate share of the Joint Venture's revenue and expenses, based upon 2012 unaudited financial statements, are as follows:

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Income	4,390	4,160	4,390	4,160
Expense	4,630	4,253	4,630	4,253
	(240)	(93)	(240)	(93)

The Council's aggregate share of the assets and liabilities committed to the Joint Venture are included in the balance sheet under the following classifications:

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	219	570	219	570
Receivables	652	294	652	294
Other Financial Assets	1,000	750	1,000	750
Total current assets	1,871	1,614	1,871	1,614
Non-current assets				
Property, Plant and Equipment	1,326	1,201	1,326	1,201
Total non-current assets	1,326	1,201	1,326	1,201
Total assets	3,197	2,815	3,197	2,815
LIABILITIES				
Current liabilities				
Payables	251	190	251	190
Employee benefits	1,068	673	1,068	673
Interest Bearing Liabilities	323	293	323	293
Total current liabilities	1,642	1,156	1,642	1,156
Non-current liabilities				
Employee benefits	38	35	38	35
Interest Bearing Liabilities	893	759	893	759
Total non-current liabilities	930	794	930	794
Total liabilities	2,572	1,950	2,572	1,950
Net Assets	626	865	626	865
Equity				
Accumulated Funds	626	865	626	865
Total Equity	626	865	626	865

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 41

Wholly owned subsidiary

Prahran Market Pty Ltd

Prahran Market Pty Ltd is a wholly owned subsidiary, incorporated within Australia, of the City of Stonnington. Prahran Market Pty Ltd manages the retail activities of the Prahran Market for the City of Stonnington on terms set out in a management agreement between both parties, dated 30 March 2008. The assets, liabilities, and operating result based upon 2012 unaudited financial statements are included in Council's consolidated financial accounts, as follows:

	2012 \$'000	2011 \$'000
Income	4,862	4,679
Expense	4,187	3,850
	675	829

Council's consolidated accounts includes the following assets and liabilities in the Balance Sheet

ASSETS

Current assets

Cash assets	2,846	2,304
Receivables	359	180
Other	10	8
Total current assets	3,215	2,492

Non-current assets

Property, Plant and Equipment	3,377	3,378
Total non-current assets	3,377	3,378
Total assets	6,592	5,870

LIABILITIES

Current liabilities

Payables	259	186
Employee benefits	28	55
Other Liabilities	36	38
Total current liabilities	323	279

Non-current liabilities

Employee benefits	-	-
Interest Bearing Liabilities	7	5
Total non-current liabilities	7	5

Total liabilities	330	284
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Net Assets	6,262	5,586
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Equity

Accumulated Funds	4,262	3,586
Issued Capital	2,000	2,000
Total Equity	6,262	5,586

Note 42

Income, expenses and assets by function/activities

	Year	Grants Income \$'000	Other Income \$'000	Total Income \$'000	Expenses \$'000	Net Result \$'000	Total Assets (WDV) \$'000
Leisure and Cultural Services	2011	1,001	5,191	6,192	23,942	(17,750)	110,390
	2012	868	6,545	7,413	26,193	(18,780)	109,978
Community Services	2011	4,470	3,912	8,382	14,514	(6,132)	27,426
	2012	4,759	4,214	8,973	15,352	(6,379)	25,390
Development	2011	-	5,076	5,076	6,351	(1,275)	-
	2012	-	6,069	6,069	7,460	(1,391)	-
Regulatory and Transport	2011	252	17,207	17,459	12,532	4,927	26,681
	2012	391	18,583	18,974	12,722	6,252	25,312
Infrastructure	2011	594	2,587	3,181	27,068	(23,887)	674,086
	2012	777	3,773	4,550	28,669	(24,119)	674,737
Governance, Administration and Non Attributed	2011	1,936	83,388	85,324	29,150	56,174	945,547
	2012	3,169	87,526	90,695	28,680	62,015	1,003,773
Total	2011	8,253	117,361	125,614	113,557	12,057	1,784,130
	2012	9,964	126,710	136,674	119,076	17,598	1,839,190

Aggregate value of Assets as disclosed in the Balance Sheet

	COUNCIL		CONSOLIDATED	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current Assets	68,287	63,196	71,502	65,688
Non Current Assets	1,770,903	1,720,934	1,772,280	1,722,312
Total	1,839,190	1,784,130	1,843,782	1,788,000

Leisure and Cultural Services

Aim: To provide, coordinate, and develop a broad range of facilities, programs and services which satisfy the leisure/recreational and library needs of the community.

Includes: Civic and Community Centres, Recreation and Arts Centres, Sporting facilities, Parks and Gardens, Swimming Pools, Libraries, Business Development, Tourism and Golf Course Management.

Community Services

Aim: To provide, advocate, coordinate, and develop a broad range of programs, services, and facilities within the aged, family, youth, and children's area that are responsive to the social, emotional, and physical needs of the community.

Includes: Family and Children's Services, Aged and Disability Services, Maternal and Child Health, Child Care, and Ethnic Services.

Development

Aim: To implement local and State building and planning regulations within the municipality.

Includes: Building Control, Strategic and Statutory Town Planning.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 42 Income, expenses and assets by function/activities (cont.)

Regulatory and Transport

Aim: To regulate and reinforce parking safety, parking turnover, food safety, environment controls, animal controls, and local laws.

Includes: Transport Management and Health and Environment Management.

Infrastructure

Aim: To maintain and renew existing infrastructure to improve traffic and pedestrian safety and amenity through traffic management. Also to provide and develop services and controls to remove waste and maintain clean streets, parks, and gardens.

Includes: Engineering and surveying, local area traffic management, the construction and maintenance of local road infrastructure, car park maintenance, waste management, and street cleaning.

Governance, Administration, and Not Attributed

Aim: To establish efficient and effective processes for delivering the community needs.

Includes: Civic Centres – Council Service Centres, Community Relations, Financial Management, Valuation and Rating, Information Technology, Human Resources, Councillor Support, Legal Services, Records Management, Corporate Planning, Halls Management, Asset and Property Management.

Note 43

Financial ratios (Performance indicators)

	2012 \$'000	2012 (%)	2011 (%)	2010 (%)
(a) Debt servicing ratio (to assess the capacity of Council to service its outstanding debt)				
Debt servicing cost	201			
Total Income	136,021	=	0.15%	0.19%
				0.23%
Debt servicing costs refer to the payment of interest on loan borrowings, finance leases, and bank overdraft.				
The ratio expresses the amount of interest paid as a percentage of Council's total income.				
(b) Debt commitment ratio (to assess Council's capacity to achieve its debt redemption strategy)				
Debt servicing and redemption costs	714			
Rate revenue	76,407	=	0.93%	1.23%
				1.22%
Council's strategy involves the repayment of loan principal and interest, finance lease principal and interest.				
The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.				
(c) Revenue ratio (to quantify Council's dependence on non-rate income)				
Rate revenue	76,407			
Total Income	136,021	=	56.17%	57.53%
				56.49%
The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.				

	2012 \$'000	2012 (%)	2011 (%)	2010 (%)
(d) Debt Exposure Ratio (to identify Council's exposure to debt)				
Total indebtedness	42,473			
Total realisable assets	1,490,574	=	2.85%	2.78%
				2.26%
For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.				
Any liability represented by a restricted asset (note 31) is excluded from total indebtedness.				
The following assets are excluded from total assets when calculating Council's realisable assets: land and buildings (not owned); restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.				
This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses total liabilities as a percentage of each dollar of realisable assets.				
(e) Working Capital Ratio (to assess Council's ability to meet current commitments)				
Current assets	68,287			
Current liabilities	37,118	=	183.97%	206.14%
				238.48%
The ratio expresses the level of current assets the Council has available to meet its current liabilities.				
(f) Adjusted working capital ratio (to assess Council's ability to meet current commitments)				
Current assets	68,287			
Adjusted current liabilities	29,155	=	234.22%	268.94%
				332.79%
The ratio expresses the level of current assets the Council has available to meet its current liabilities.				
Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because it is not likely to be utilised within 12 months after the end of the year.				

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Note 44

Capital expenditure - Council and Consolidated

	Note	2012 \$'000	2011 \$'000
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Capital expenditure areas

Prahran Market has no material capital expenditure items.

Land		3,469	-
Land Improvements		3,834	5,290
Buildings		7,163	8,023
Heritage Buildings		351	3,393
Heritage Indoor Assets		-	106
Motor Vehicles, Plant, and Equipment		2,490	2,603
Furniture and Equipment		393	536
Office Equipment and Information Technology		381	525
Library Stocks		846	814
Roads Extras		1,436	1,080
Drainage, Roads, Footpaths, Kerb and Channels, ROWs, Bridges		8,108	7,928
		28,471	30,298
Intangible Assets		607	690
Total capital works		29,078	30,988
Represented by:			
Renewal	(a)	19,530	18,722
Upgrade	(b)	5,252	6,425
Expansion	(c)	2,381	883
New assets		1,915	4,958
Total capital works		29,078	30,988

Property, infrastructure, plant and equipment movement

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

Total capital works		29,078	30,988
Movement in fair value of investment property		-	144
Asset revaluation movement	26	38,665	
Depreciation/amortisation	11	(17,080)	(17,051)
Written down value of assets sold		(577)	(571)
Termination of Finance Leases		(89)	-
Asset write off		(1)	(74)
Net movement in property, plant and equipment, intangibles and investment property	19, 20	49,996	13,436

(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

CERTIFICATION OF THE FINANCIAL REPORT

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



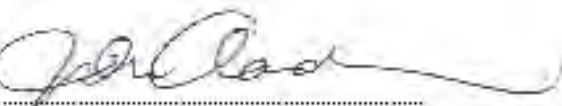
Scott Moore CPA
Principal Accounting Officer

27 August 2012
Malvern

In our opinion, the accompanying financial statements present fairly the financial transactions of Stonnington City Council for the year ended 30 June 2012 and the financial position of the Council as at that date.

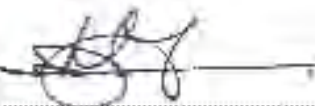
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We were authorised by the Council on 27 August 2012 to certify the financial statements in their final form.



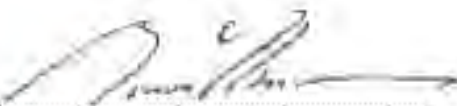
John Chandler
Councillor

27 August 2012
Malvern



Melina Sehr
Councillor

27 August 2012
Malvern



Simon Thomas
A/Chief Executive Officer

27 August 2012
Malvern

AUDITOR GENERAL'S REPORT ON FINANCIAL REPORT AND STANDARD STATEMENTS

VAGO

Victorian Auditor-General's Office

Level 25, 25 Collins Street
Melbourne VIC 3000
Telephone 43 5 8001 7000
Facsimile 43 5 8001 7010
Email enquiries@vago.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Stonnington City Council

The Standard Statements and Financial Report

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard capital works statement, the related notes and the certification of the standard statements have been audited.

The accompanying financial report for the year ended 30 June 2012 of Stonnington City Council which comprises 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 certification of the financial report has been audited.

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

The Councillors of the Stonnington City Council are responsible for the preparation and the fair presentation of:

- 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 financial report in accordance with *Australian Accounting Standards* and the financial reporting requirements of the *Local Government Act 1989*

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

Auditor's Responsibility

As required by the *Audit Act 1984* and the *Local Government Act 1989*, my responsibility is to express an opinion on the standard statements and financial report 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 in a manner that provides reasonable assurance whether the standard statements and financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standard statements and financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the standard statements and financial report, 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 standard statements and financial report 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 report
- the reasonableness of accounting estimates made by the Council
- the overall presentation of the standard statements and financial report

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

PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Introduction to the Performance Statement

The Government amended the Local Government Act 1989 (Section 153) to ensure that local government developed performance accountability mechanisms which allow for a consistent approach in the collection and reporting of information regarding financial performance, operating cost and community satisfaction.

The use of performance indicators by local government is a significant step towards achieving:

- an improved capacity to objectively measure Council performance to a better set of relationships between state and local government,
- the strategic objectives as articulated in the Council Plan, and
- better informed communities.

The Council has adopted a budget as part of its corporate planning cycle and has separately identified Key Strategic Activities (KSA's) to be undertaken during the financial year and performance targets, and measures in relation to each KSA. The Performance Statement outlines the extent to which these targets have been met during the year.

Independent Auditor's Report (continued)

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 standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note A to the statements and comply with the requirements of the Local Government Act 1989
- (b) the financial report presents fairly, in all material respects, the financial position of Stonnington City 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.

Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note A 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 Standard Statements and Financial Report

This auditor's report relates to the Standard Statements and Financial Report of the Stonnington City Council for the year ended 30 June 2012 included both in the Stonnington City Council's annual report and on the website. The Councillors of the Stonnington City Council are responsible for the integrity of the Stonnington City 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 standard statements and financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited standard statements and financial report to confirm the information contained in the website version of the standard statements and financial report.

MELBOURNE
30 August 2012


D D R Paterson
Auditor-General

8
Auditing in the Public Interest

PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Key Strategic Activities

Financial Performance

Financial stability driven by strong financial management ensures a sustainable future for the City and enables Council to meet the objectives of the Council Plan. Council objective is to maintain its strong financial position by generating an operating surplus in line with budget expectations and by building a strong Balance Sheet.

		Actual Result 2012	Budget/ Target 2012	Variance	Achieved
Performance Targets and Measures					
FP 1.	Underlying result/Underlying revenue	4.10%	6.41%	(2.3%)	No
FP 2.	Operating expenses/Rateable Assessments	\$2,326	\$1,846	(\$480)	No
FP 3.	Rate revenue/Underlying revenue	56.36%	62.60%	6.2%	No
FP 4.	Rate revenue/Rateable Assessments	\$1,369	\$1,227	\$142	Yes
FP 5.	Debt Servicing/Total revenue	0.15%	0.19%	0.04%	Yes
FP 6.	Recurrent Grants/Total Revenue	6.93%	5.74%	1.2%	Yes
FP 7.	Fees and Charges/Total Revenue	27.01%	27.40%	(0.4%)	No

Financial Position

Manage the operations of Council to maintain and improve on the level of Council services while keeping operating cost increases to acceptable levels.

		Actual Result 2012	Budget/ Target 2012	Variance	Achieved
Performance Targets and Measures					
BS 1.	Indebtedness/Rate revenue	5.11%	4.83%	(0.3%)	No
BS 2.	Underlying result/Total assets	0.30%	0.55%	(0.2%)	No
BS 3.	Net realisable assets/Rateable Assessment	\$26,700	\$19,230	\$7,470	Yes
BS 4.	Current assets/Current liabilities	1.84	1.81	0.03	No
BS 5.	Total liabilities/Rateable Assessment	\$820	\$306	(\$514)	No

Capital Expenditure

Implement a well structured capital works strategy to maintain existing Council assets and to provide a source of funds for new initiatives.

		Actual Result 2012	Budget/ Target 2012	Variance	Achieved
Performance Targets and Measures					
CE 1.	Capital Works	\$29,078,000	\$33,745,000	(\$4,667,000)	No
CE 2.	– Asset renewal	\$19,530,000	\$23,228,000	(\$3,698,000)	No
CE 3.	– New assets	\$1,915,000	\$4,370,000	(\$2,455,000)	No
CE 4.	– Asset expansion/upgrade	\$7,633,000	\$6,147,000	\$1,486,000	Yes
CE 5.	Operating Cash/Net capital outlays	113.93%	89.43%	24.5%	Yes
CE 6.	Capital Works/Rate revenue	38.06%	43.46%	(5.4%)	No
CE 7.	Asset renewal/Total depreciation	114.34%	130.03%	(15.7%)	No

Notes to and forming part of the Performance Statement

Explanations of Major Variations to Budget

Financial Performance:

FP 1. Underlying result/Underlying revenue

The percentage of underlying surplus over underlying revenue is lower than budgeted due to Council's share of Defined Benefit Superannuation Unfunded Liability recognised as employees benefits which was not budgeted.

FP 2. Operating expenses/Rateable Assessments

Operating expenses per rateable assessment were higher than budget due to a range of capital works being identified as operating expenditure during the year.

FP 3. Rate revenue/Underlying revenue

The growth in other revenue streams meant that the reliance on rate revenue was slightly lower than budgeted.

FP 4. Rate revenue/Rateable Assessments

There is a minimal variance between budget and actual performance for 2011/12.

FP 5. Debt Servicing/Total revenue

The minimal variance between budget and actual performance for 2011/12 is due to stronger revenue growth.

FP 6. Recurrent Grants/Total Revenue

The proportion of revenue gained from recurring grants was higher than budgeted due to a 50% portion of Commonwealth Government grant for 2012–13 being paid into 2011/12.

FP 7. Fees and Charges/Total Revenue

The ratio of fees and charges to total revenue was close to budget.

Financial Position:

BS 1. Indebtedness/Rate revenue

The level of indebtedness as a proportion of rate revenue slightly exceeded budget.

BS 2. Underlying result/Total assets

The Defined Benefit Superannuation Unfunded Liability recognised as employee benefits significantly lower than budget surplus deteriorated this ratio.

BS 3. Net realisable assets/Rateable Assessment

This ratio was above the target as a result of asset revaluation increment.

BS 4. Current assets/Current liabilities

The ratio of current assets over current liabilities was lower than budget largely due to Council's Defined Benefit Superannuation Unfunded Liability recognised but was unbudgeted.

BS 5. Total liabilities/Rateable Assessment

Total liabilities for 2011/12 are higher than budgeted mainly due to higher actual creditors and accruals.

Capital Expenditure:

CE 1. Capital Works

Actual capital expenditure in 2011/12 was lower than large capital works budget mostly due to timing of completion.

CE 2. Asset renewal

Expenditure on asset renewal was delayed into 2012/13.

CE 3. New assets

Expenditure on new assets was under budget, although a number of projects will be carried forward to 2012/13 for completion.

CE 4. Asset expansion/upgrade

Expenditure on expansion assets was within 2.4% of budget.

CE 5. Operating Cash/Net capital outlays

This ratio exceeded budget due to stronger operating cash inflows and lower capital expenditure in comparison to budget.

CE 6. Capital Works/Rate revenue

The proportion of rate revenue expended on capital works was slightly below budget due to timing delays in some capital projects.

CE 7. Asset renewal/Total depreciation

Expenditure on asset renewals was slightly under budget but more importantly exceeded depreciation charges.

CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion, the accompanying Performance Statement of the City of Stonnington in respect of 2011/2012 financial year is presented fairly in accordance with the Local Government Act 1989.

The statement outlines the performance targets and measures set out in relation to the achievement of the targets set in respect of that year described in Council's Budget and describes the extent to which the targets were met in that year having regard to those targets and measures.

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

We were authorised by the Council on 27 August 2012 to certify this performance statement on its behalf in its final form.



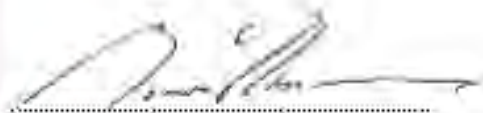
John Chandler
Councillor

27 August 2012
Malvern



Melina Sehr
Councillor

27 August 2012
Malvern



Simon Thomas
A/Chief Executive Officer

27 August 2012
Malvern

AUDITOR GENERAL'S REPORT ON THE PERFORMANCE STATEMENT

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Stonnington City Council

The Performance Statement

The accompanying Performance Statement for the year ended 30 June 2012 of the Stonnington City Council which comprises the statement, the issued notes and the contribution of the performance statement has been audited.

The Councilors' Responsibility for the Performance Statement

The Councilors of the Stonnington City 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 protected by the Constitution Act 1978. The Auditor-General is not subject to direction by any person about the way in which he performs his responsibilities and he is exempted from complying with the audit the Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Issued to the Councilors

GLOSSARY

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the Stonnington City 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 Stonnington City Council for the year ended 30 June 2012 included both in the Stonnington City Council's annual report and on the website. The Councillors of the Stonnington City Council are responsible for the integrity of the Stonnington City Council's website. I have not been engaged to report on the integrity of the Stonnington City 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
30 August 2012


D.D.R. Pearson
Auditor-General



Accumulated Surplus

The value of all net assets accumulated over time.

Assets

Future economic benefits controlled by Council as a result of past transactions or other past events.

Benchmarking

Qualitative and quantitative comparisons with similar services/service organisations to devise the best possible service provision.

Best Practice

Highest level of service viable.

Best Value

An innovative approach to Local Government service delivery which includes community input, effective service delivery and cost efficiency as key service outcomes.

Biodiversity

Different plants, animals and microorganisms make a variety of life incorporating their genes and the ecosystems.

Capital Works

Projects undertaken to either renew or upgrade or construct assets owned by Council in the community.

Community Grants

Council funding made available to local community organisations to provide activities and service not available through state, federal and private resources.

Council Plan

Strategic document which provides the framework and direction for all areas of Council activity for four years.

Councillors

Elected representatives of Council.

Current Assets

Assets where Council expects to receive the future economic benefit within the next 12 months unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current Liabilities

Liabilities where Council expects to fulfil its obligation within the next 12 months unless the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

Equity

The residual interest in the assets of Council after deductions of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.

Expense

An outgoing payment made by Council.

Governance

How Council operates as a decision-making body, its relationship with the administration and the ways that Council engages with their community in this process.

Infrastructure

The basic facilities needed for the functioning of a community including open space, road networks and drain systems.

Liabilities

Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.

Municipal Strategic Statement (MSS)

Outlines the key land use and development objectives and strategies for the municipality. The MSS provides the basis for zones, overlays and particular provisions. Council will review the MSS every three years.

Net Assets

The difference between total assets and total liabilities, which represents Council's net worth. Net assets is also equal to total equity.

Planning Scheme

Sets the direction for the use, development, and protection of land within the municipality.

Rate and Charges Income

Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.

Revenue

Revenue is the amount of money that Council actually received from its activities, mostly from rates and services provided to customers and ratepayers.

Risk Management

A discipline for developing appropriate procedures to reduce the possibility of adverse effects from future events.

Service Centre

Council's offices for direct customer service.

Strategy

A plan of action intended to accomplish specific objectives.

Vision

A description of the future we aim to achieve for our City and community.

Ward

The delineation of a district within a municipality for the purposes of administration and representation.

INDEX

Commonly Used Acronyms

AAS Australian Accounting Standards	LASPLAN Local Authorities Superannuation Plan
AASB Australian Accounting Standards Board	LGMA Local Government Managers Australia
ABS Australian Bureau of Statistics	LGPro Local Government Professionals
AMP Asset Management Plan	LLEN Local Learning and Employment Network
CBD Central Business District	MAV Municipal Association of Victoria
CE Capital Expenditure	MBS Municipal Building Surveyor
CEO Chief Executive Officer	MCH Maternal and Child Health
CIV Capital Improved Value	MFB Melbourne Fire Brigade
CPA Certified Practising Accountants	MSS Municipal Strategic Statement
CS Community Satisfaction	MTH Malvern Town Hall
CWMS Capital Works Management System	NCP National Competition Policy
EBA Enterprise Bargaining Agreement	OC Operating Costs
ECT Enforcement Computer Technology	OLG Office of Local Government
EDMS Electronic Document Management System	PAC Prahran Aquatic Centre
EEO Equal Employment Opportunity	PBS Private Building Surveyor
EOC Equal Opportunity Commission	PCP Primary Care Partnership
EPA Environment Protection Authority	PPP Parking Precinct Plan
ESDS Electronic Service Delivery Strategy	PTH Prahran Town Hall
FOI Freedom of Information	RHS Regional Housing Statement
FP Financial Performance	RHWG Regional Housing Working Group
GIS Geographic Information System	RM Rates Management
HACC Home and Community Care	RMIT Royal Melbourne Institute of Technology
HR Human Resources	ROW Right of Way
IBM International Business Machines	SADS Save-A-Dog Scheme
IMAP Inner Melbourne Action Plan	SBO Special Building Overlay
IRMA Information, Records Management and Archives	SERWMG South East Regional Waste Management Group
IT Information Technology	VCAT Victorian Civil Administrative Tribunal
ITDRS Information Technology Disaster Recovery Plan	VIP Volunteer Interchange Program
JV Joint Venture	VLGA Victorian Local Governance Association
KPI Key Performance Indicator	

Local Government Act 1989 Requirements

The City of Stonnington Annual Report was produced in compliance with the requirements outlined in the Local Government Act 1989.

Distribution Information

The City of Stonnington Annual Report is distributed to our Councillors and staff, the Office of Local Government, the Municipal Association of Victoria and the State Library of Victoria. Hard copies of the Annual Report are available for collection at Council's Service Centres in Malvern and Prahran and all branch libraries.

The Annual Report is also available on Council's website www.stonnington.vic.gov.au

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AWARDS

- Stonnington received an Award for Excellence in Alcohol Management in 2012, for its work in reducing alcohol-related harm through changes to its Planning Scheme and initiatives in partnership with Police, businesses, health agencies, government and the Stonnington Liquor Accord.
- Stonnington won a Mainstreet Australia Metropolitan Local Government Award in 2012 for the What I Love About Stonnington campaign, which promoted local business and tourism.
- Stonnington won a Gold Award in the Australasian Reporting Awards 2012 for the Annual Report 2010/11.



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