

Mornington Peninsula Shire

Annual

Report

2010-2011



COMMITTED TO A
SUSTAINABLE
PENINSULA

Contents

Part One: Corporate Information

Message from the Mayor	3
Message from the CEO	4
Comment on Financial Performance	5
Corporate Performance Statement	7
Our Council	8
Vision, Mission and Values	10

Part Two: Highlights

Livable peninsula	12
Enhancing public places and spaces	14
Improving community facilities	16
Leading change on climate change	17
Enhancing the coastal experience	19
Healthy, safe and connected communities	21
Supporting a sustainable economy	23
Innovative, responsive, value-for-money service delivery	24

Part Three: Our Teams

The Shire Organisation	28
Sustainable Environment	29
Sustainable Infrastructure	38
Sustainable Communities	48
Chief Executive Office	59
Sustainable Organisation	65
Staff Profile	73

Part Four: Legislation & Reporting

Legislation	74
Local Government Indicators	79
Financial Reports	82



Message from the Mayor

Protecting and improving the livability of the Mornington Peninsula is one of the most important roles undertaken by Councillors and officers of the Shire. The livability of our Shire is what attracted my family and I – and thousands of other families – to build our lives on the Peninsula, and it's also what brings back thousands of tourists and visitors each year.

Council takes its 'custodian' role very, very seriously, working closely with the community to:

- Preserve the look, feel and function of our local towns and villages;
- Protect the amenity of our highly valued Green Wedge areas and coastline;
- Increase opportunities for both active and passive recreation, consistent with our relaxed, semi-rural lifestyle; and
- Provide services that respond to the needs of Peninsula families, our young people and our large and growing elderly population.

Council has done a lot of work over recent years to address each of these issues. And over the past 12 months we've continued the journey by:

- Working closely with our local communities to introduce planning controls to protect the amenity and ambience of our many distinct towns and villages.
- Investing heavily in our footpath and shared path networks, providing important linkages to schools and shopping districts.
- Focussing on the needs of our young people, working with other agencies to improve their access to further education and employment opportunities.

You can read more about our efforts in each of these areas – and the 100-plus other things we do - in the following pages, together with reports on our financial performance.

As Council moves into a new year, there remain many other issues that continue to challenge the liveability of the Mornington Peninsula:

- What impacts will Peninsula Link have on the amenity of our towns and villages?;
- How do we help our elderly residents 'age in place', close to the services they need to access?
- How do we provide affordable housing options without damaging the character and amenity of our townships?
- How do we plan for the expected impacts of climate change – with more bushfires, flooding and drought?
- The list goes on.....

Fortunately for our Council, we have our longstanding *Commitment to a Sustainable Peninsula* to help guide us through the myriad of challenges.

On behalf of Council, I thank you for taking the time to read this Annual Report to gain a better understanding about the vast array of projects, programs and initiatives underway to protect the Peninsula's livability, and we look forward to working with you to ensure the Peninsula remains the wonderful place it is today and for many future generations to come.

Cr Graham Pittock

Mayor



Message from the CEO

The Mayor has highlighted the importance of protecting and improving the highly valued livability of the Mornington Peninsula, which will be of *even greater importance* as metropolitan Melbourne's growth accelerates towards – and eventually beyond – a population of 5 million people. While the Mornington Peninsula is very close to metropolitan Melbourne, it is not part of it. We are not 'suburbia', or a designated growth area.

The Mornington Peninsula has long played a diverse range of roles for its residents, and for Melbourne and Victoria. With more than 70% of the Peninsula designated as Green Wedge, with some of Victoria's most productive agricultural land, highly valued conservation areas, 10% of Victoria's coastline, as well as major industry and Australia's largest naval training facility, we sustain a permanent population of 150,000 people, a part-time population of a further 50,000, and host up to 5 million visitors per year. The livability and natural and built environment of the Peninsula, and our diverse local economy, are of importance not only for our residents but for the broader community of Melbourne and Victoria.

There is a range of challenges for Council in addressing the livability issue, from responding to the impacts of climate change, which for the Peninsula are significant, through to progressively raising the level of service delivery and infrastructure to meet rising community expectations, and doing all this efficiently and effectively so that we continue to have rate levels among the lowest in Victoria.

Climate Change

With a significant number of local drainage catchments and low lying coastal areas, as well as large areas of high fire risk, the Shire is now spending \$5 million per annum more on drainage upgrading and fire prevention works than we were only five years ago. Innovation, and a commitment to ESD principles in the design of new projects, is ensuring cost efficiency and effectiveness in the provision of maintenance services and a long term reduction in water and energy costs.

Planning Controls

During 2010-11 we progressed a wide range of strategic planning projects, including work on structure plans for Rosebud, Hastings, Crib Point, and Tyabb, all focused on protecting the amenity of our local towns and villages, our coastline, and our highly valued Green Wedge, and Council looks forward to working with the new State Government in the completion of the proposed Mornington Peninsula Planning Statement, which will re-affirm the importance of protecting the Peninsula's diverse land use and livability.

Infrastructure

We are one of the minority of Victorian councils that does not have a 'Renewal Gap'. Our reinvestment in the ongoing renewal of our \$1.6 billion infrastructure asset base (roads, drains, buildings etc) is sufficient to ensure that the standard of our existing infrastructure will not run down, that it is being adequately maintained and enhanced. At the same time, Council is responding to the growth in sporting participation, and the desire for increased walking and cycling (and reduced car dependence) by focusing new investment on sporting facilities, footpaths and shared paths.

Our Older and Younger Residents

We have one of the largest older resident populations in Victoria, and it is growing. Our Home Care program grew in 2010-11 by 5,000 additional hours, to 165,000 hours. In addition, Council has developed a strong focus on providing opportunities for residents to age well and maintain optimal independence and health/wellbeing, through the development of a Positive Ageing Strategy (to be implemented in 11/12) and a strong, productive relationship with our older persons advisory committee, PACE (Peninsula Advisory Committee for Elders).

At the other end of the age spectrum, Council's focus on the Peninsula's young people has included supporting kindergartens to work towards the national target of delivering fifteen hours of universal access to "4 year old" kindergarten, the launch of our Literacy Villages project, and a range of initiatives to improve local access to post-secondary education and employment opportunities. Council is committed to improving life and work opportunities for the Peninsula's young people, and these projects can and will make a real difference.

Emerging Challenges

Among many emerging challenges, three warrant highlighting.

Council is undertaking a thorough impact assessment of Peninsula Link, identifying both opportunities and potential concerns, to ensure we deal effectively with both, on a timely basis. Accurately forecasting the traffic impacts, when and where they will occur, and the knock-on effects for local townships, is an important planning task.

The announcement of the earlier development of the Port of Hastings as an international container port, a \$10 billion project, will require careful planning to achieve its significant economic potential while fully addressing environmental and social/ amenity issues. Consistent with our *Commitment to a Sustainable Peninsula* Council believes that the significant employment potential can be achieved while protecting Western Port and the amenity of nearby local towns.

The deterioration of coastal assets, beaches, steps, stairs, sea-walls, piers, jetties and potentially private property is of growing concern to Council. This problem is not new, but it is worsening, and climate change will add to the size of the problem, and the urgency of addressing it. We are working with State and other local governments to better understand the nature and scope of the problem, and the most effective means of addressing it.

Comment on Financial Performance

To those who are regular readers of the Annual Report, you will note that I always acknowledge that unlike a commercial business, financial performance is not Council's primary objective.

Our primary objective is to understand the present and future needs of our diverse communities and to work to address those needs, consistent with a sustainable financial strategy. Financial performance is, therefore, an important 'means to an end', and responsible financial management is part of ensuring we have the capacity to undertake all that the community expects of us, as cost-effectively as possible.

We have a 'can-do' attitude, and strive to make 'best use of every dollar' through ongoing review processes which focus on efficiency, effectiveness and we strive to be innovative in everything we do.

The key financial messages for the 2010/11 are positive. We have produced another underlying surplus, and the five key indicators used by the Auditor General to measure 'financial stability', three have improved and the other two are consistent with the past year; we expect another 'low risk' rating, the best rating a local government can achieve.

In terms of numbers, Council's financial statements are prepared in accordance with relevant Australian Accounting Standards, legislation and regulations. The accounts have been endorsed by the Victorian Auditor General without qualification.

We are conscious, however, that the financial statements prepared according to Accounting Standards may lead a reader to overestimate our overall financial position. The audited year end result in the financial statements shows a net surplus on ordinary operations of \$8.787m, compared to last year which was a surplus of \$22.713m. These are not our 'profits or losses' for the year, in the usual meaning of the word. This year's surplus includes \$3.903m of contributed assets which (now and into the future) will require us to expend funds to maintain them.

On the following page, we have set out a summary of how we performed in 2010/11, with adjustments made to deduct the impact of non-cash transactions. However, even with these adjustments, the results are confused somewhat by required accounting treatment for such things as government grants for expenditure in 2011/12, but paid to Council in 2010/11, which we are required to record as income in 2011/12. We stress that the reporting on the following page is our own 'layman's approach'. The reporting according to Australian Accounting Standards is to be found under 'Financial Report' at the back of this report.

Stated simply, while there were a range of 'unders and overs' in different parts of the Shire organisation, which were the result of our responding to particular needs and circumstances as the needs arose, 'Funds Available' (being the surplus on recurring operations) was unfavourable by \$2.104m. This was due to the requirement to bring to account an additional contribution to Vision Super of \$2.120m, to meet our obligation in relation to members of the defined benefit plan. Our cash surplus for the year was \$7.491m, which is some \$9.315m more than budget, and is committed to fund capital projects that have carried forward to 2011/12.

The major variations are commented on within the Standard Statement section of the financial reports.

The important messages are that after allowing for variations through the year, we "made budget", we invested sufficient funds in the renewal of our assets, and our various financial ratios as assessed by the Auditor General improved, and we did this in an environment that sees our rates and charges low when compared to other Councils.

Council's financial position is both strong and sustainable.

A handwritten signature in blue ink, reading "Michael Kennedy". The signature is fluid and cursive, with a long horizontal flourish at the end.

Dr Michael Kennedy OAM
Chief Executive Officer

**Corporate Performance Statement
for the year ending 30 June 2011**

	Budget \$'000	Actual \$'000	Variance \$'000
Income			
Rates	104,214	104,627	413
Grants And Subsidies	12,140	12,889	749
User Charges	26,303	27,484	1,181
Grants Commission	5,546	5,669	123
Interest Income	1,250	2,006	756
	149,453	152,675	3,222
Expenses			
Sustainable Environment	14,656	15,952	(1,296)
Sustainable Infrastructure	52,407	53,926	(1,519)
Sustainable Communities	32,423	32,901	(478)
Sustainable Organisation	17,343	16,898	445
CEO's Office	4,105	4,611	(506)
Interest expense	2,875	2,636	239
Unfunded Superannuation	-	2,120	(2,120)
	123,809	129,045	(5,236)
Funds Available	25,644	23,630	(2,014)
Capital and Priority Works and Services			
New Borrowings	3,000	3,000	-
Debt Servicing Principal	(3,672)	(3,505)	167
Lease Payments	(414)	(414)	-
Priority Projects (Net)	(2,702)	(1,525)	1,177
Priority Works (Net)	(4,514)	(4,215)	299
Capital Expenditure	(23,179)	(17,116)	6,063
Capital Grants	2,330	2,757	427
Capital Contributions	2,720	2,351	(369)
Special Charge Schemes	222	225	3
Transfers From Reserves	-	15	15
	(26,209)	(18,428)	7,781
Operating Result	(565)	5,203	5,768
Non Operating			
Asset Sales	605	1,185	580
	605	1,185	580
Result	40	6,388	6,348
Carry-Forwards	(3,408)	(3,484)	(76)
	(3,408)	(3,484)	(76)
Transfers From Reserves	(105)	(224)	(119)
Net Non-Cash Balance Sheet Movements	1,648	4,812	3,164
	1,543	4,588	3,045
Cash Surplus / (Deficit)	(1,824)	7,491	9,315
Cash at Beginning of Period	23,912	24,871	959
Cash at End of Period	22,087	32,362	10,275

Our Council



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

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



Vision, Mission and Values

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

A Sustainable environment

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

A Sustainable economy

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

A Sustainable community

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

What we will do to achieve this vision

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

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

Values

Our values determine how the Shire will conduct itself.

We value:

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

Mornington Peninsula Shire

Annual

Report

2010-2011

highlights



COMMITTED TO A
SUSTAINABLE
PENINSULA

Livable Peninsula

*To be 'near Melbourne, but not part of Melbourne' (and its accelerating growth).
To preserve the highly valued amenity of our natural and built environment.*

Over recent years, Council has worked hard to:

- Secure State Government support to ensure that more than 70 per cent of the Peninsula remains rural certifying permanence of our Urban Growth Boundary;
- Encourage communities to play an active role in shaping the future of their towns and villages;
- Develop township plans that reflect community values and the preferred future character; and
- Ensure that new developments and public places recognise and enhance local character.

A number of significant plans, projects and initiatives were delivered in 2010-11, including:

Protecting the Peninsula

The Shire continues to work with the State Government to protect the Peninsula's highly valued Green Wedge, and has welcomed the commitment to develop a new Mornington Peninsula Planning Statement. A series of 'Community Conversations' will be conducted in 2011-12 to seek feedback on the development of the Planning Statement. Throughout 2010-11, the Shire also made submissions to the National Urban Policy, Sustainable Population Strategy Review, Liveability, Victorian Tourism Industry and the Land and Biodiversity White Paper, reinforcing the importance of protecting the Peninsula form over development.

Township character

The Shire has worked closely with local communities to develop and implement a range of Planning Scheme Amendments to protect and enhance the character and amenity of our townships and villages. Design Guidelines were approved in Flinders and Shoreham, together with interim design controls for McCrae Village, interim controls for caravan parks in the Green Wedge and an interim policy in relation to Dwellings in the Green Wedge. The Tyabb Structure Plan, Flinders Village Streetscape Design Plan and the Mornington Football Disaster Memorial Park Plan were also placed on public exhibition during the year.

Wildfire Management Overlay

In the wake of the Black Saturday Bushfires, the State Government introduced the Wildfire Management Overlay to help minimise the risk to life, property, the natural environment and community infrastructure from wildfire. The Shire worked closely with the CFA and the Department of Planning and Community Development to conduct a number of information sessions to discuss the new overlay with residents and other stakeholders throughout the year.

Landslip mapping and management

A new program for landslip mapping – the first of its kind within local government - is helping to identify landslip risk across the Peninsula. The computer model assesses slope stability data and previous geotechnical investigations to predict areas which may be at risk of landslip. The information is being used within overlays of the Mornington Peninsula Planning Scheme to provide more certainty to landowners.

Aboriginal cultural heritage

The Shire has taken a lead role in Local Government with the employment an Aboriginal Cultural Heritage Officer during the year to assist with Aboriginal Cultural Heritage Assessments across the Peninsula. This not only ensures that sites are dealt with in a respectful manner, but improves efficiency by identifying protective measures early and providing opportunity for redesign of projects. Recently artefacts were discovered which dated prior to 6500BC.



Enhancing Public Places and Spaces

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

Working closely with our community, we continue to:

- Develop and implement initiatives, programs and infrastructure to enhance the 'look, feel and function' of our townships and villages; and
- Maintain, enhance and renew the Shire's existing \$1.6 billion asset base.

A number of important strategies, programs and projects were developed and delivered during 2010-11, including:

Sustainable Infrastructure Maintenance Services (SIMS) review

Throughout the year, the Shire commenced a comprehensive review of its Sustainable Infrastructure Maintenance Services (SIMS) in preparation for a re-tender of contracts in 2013. A comprehensive program of consultation was undertaken with various stakeholder groups and members of the community to help determine if changes are required to the current services. Consultations included web surveys, shopper interviews, park user surveys, stakeholder workshops and internal staff consultations. SIMS delivers maintenance services and enhancements on Shire facilities including roads, cleansing, buildings, parks and roadsides, furniture and signs and waste and recycling.

Open space management

The Shire is responsible for the ongoing maintenance and enhancement of more than 350 parks, 139 bushland reserves, 160 playgrounds and 58 sporting fields.

The ongoing implementation of the Shire's Playground Strategy resulted in five new playgrounds and the refurbishment of numerous others. A highlight was the construction of the first outdoor table tennis table in Dromana, made from steel and painted by a local artist.



Recreation planning and development

Long term master plans guide a program of ongoing improvements at existing recreation reserves and facilities, and plans were developed for Bunguyan and Tyabb Central Reserves in Tyabb throughout the year. Planning has also commenced to determine the best location for the proposed Balnarring/Bittern skate park, taking into consideration key assessment criteria such as accessibility, integration with existing facilities and visibility.



Safer Local Roads

Safer Local Roads is an innovative road construction and maintenance contract that will save the Shire \$65 million over 15 years. At the completion of the fourth year of the contract, Safer Local Roads has already delivered:

- A closing of the infrastructure renewal gap for the Shire's existing local road network;
- An increase in the road resealing program of 750 per cent; and
- A significant and ongoing environmental benefit by using more than 18,000 tonnes of reclaimed material (typically recycled asphalt).

Two new roundabouts in Truemans Road and Browns Road in Rye were also constructed to help improve traffic flow to and from the Southern Peninsula.

Peninsula RideSafe

The Shire's comprehensive bicycle strategy, Peninsula RideSafe, resulted in the roll out of bicycle parking infrastructure in Mornington, Hastings and Rosebud, to encourage more residents to ride to these townships. The Shire's shared path network continues to grow, and next year council will triple its investment to bring forward a range of important path linkages and connections. Work has also commenced on the Dromana BMX park, and a new Mountain Biking Liaison Group has been established. Peninsula RideSafe's Facebook page continues to grow (close to 500 friends) as the Shire continues to roll out bicycle safety programs in Peninsula schools.

Improving Community Facilities

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

Working with our community, we continue to:

- Plan and develop new community facilities that respond to changing community needs and priorities;
- Review the operation and potential future development of existing facilities to ensure they meet community expectations; and
- Advocate to other levels of Government for funding to build new, or refurbish existing, community facilities and assets.

Over the past 12 months, a number of major projects were commenced or completed, including:

Hastings Hub

The former Hastings Leisure Centre has been transformed into an exciting new community meeting place known as the Hastings Community Hub. The \$3 million redevelopment was largely funded by State and Federal Governments and includes an IT training hub, art studio, multi-purpose rooms, a community kitchen and large multi-purpose activity areas. A range of community programs are being established at The Hub, which is also home to the Hastings Neighbourhood Renewal initiative.

Rosebud West Community and Children's Hub

Construction commenced on a new Rosebud West Family and Children's Hub adjacent to Eastbourne Primary School. Stage one of the facility was completed recently, and work has commenced on stage two. Once complete, the Hub will include a number of community meeting rooms, a preschool/kindergarten, and consulting rooms for maternal and child health nurses.

Recreation and leisure facilities

Pelican Park Recreation Centre in Hastings underwent a major refurbishment including a repaint of the pool, gymnasium, child care and change facility areas, re-grouting of tiles in and around the pool area, energy-efficient upgrading of lighting and sensors, and resealing of floors. A range of improvements were also made at Mt Martha Public Golf Course, including a new 200 meter asphalt path from the 8th green to the 9th tee, new garden beds and plantings, and a redesign of the 2nd and 6th greens approaches and surrounds. Cricket pitch replacements and upgrades at Bunguyan Reserve, Flinders Reserve and Truemans Road Reserve were also completed throughout the year.

Community Halls

The Shire manages 34 community halls, attracting more than 516,000 users each year. Over the past 12 months, there was an increase of more than 10% in occupancy, and close to 30% in general inquiries. A range of improvements were introduced throughout the year including a new schedule of fees with discounts for community organisations, and the introduction of 'wheeled' tables to improve ease-of-use. Dromana Hall, Mt Martha House and the Old Shire Offices in Dromana were upgraded, and new sound systems were installed at the Flinders Community Hall and Mt Martha House.

Leading Change on Climate Change

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

We are committed to:

- Working with our community to understand and address the impacts of climate change;
- Reducing energy and water usage across Shire facilities; and
- Reducing the amount of waste to landfill and investigating alternative waste treatment options.

Highlights of the 2010-11 year included:

Flood mapping and drainage

Council has committed to a 10-year, \$30 million Local Integrated Drainage Scheme (LIDS) to manage the impact of more frequent and intense storm events. Flood mapping of vulnerable areas continues to prove very accurate, as confirmed in a number of high intensity storms experienced throughout the year. A significant community consultation campaign has also been undertaken, with thousands of letters to affected residents informing them of the study of their catchments.

Community education

The Eco Living Display Centre, located at The Briars, continues to show residents how they can retrofit their homes to make them more sustainable. With over 80 per cent of the peninsula's homes being more than 30 years old, the centre provides a one-stop place to show residents how to live more sustainably by making small or large scale modifications to their homes. It enables people to see how renovations can be made to an older house to make it more energy, water, waste and resource efficient. More than 3,500 primary school students, teachers and parents also attended Environment Week activities at The Briars in Mount Martha.



Waste services

Two no charge green waste weekends were held at our transfer stations and attracted more than 5,650 residents, while the opt-in kerbside green waste collection service also commenced with close to 10,000 residents participating in the scheme.

The development and implementation of new waste contracts for the operation of the Shire's landfill and transfer station and green waste processing was also achieved. The new contracts feature innovative waste minimisation targets as well as the engagement of local residents to operate the re-sale shop. Recycling rates from the new transfer stations are reaching 50 per cent, which far exceeds the 20 per cent target.



Water and energy

The Shire has reduced its use of potable (drinking) water by 60 per cent based on 2008 consumption. Savings have been made with the installation of water tanks and retrofitting council facilities with water saving devices, and the use of drought tolerant turf at sporting reserves. The Mornington Recycled Water Scheme was also implemented which provides 100ML of recycled water, equivalent to 100 Olympic-sized swimming pools) to the Mornington Racing Club, Dallas Brooks Park and Civic Reserve.

Bushfire management

The Shire has more than doubled its bushfire prevention budget in the wake of the Black Saturday Bushfires, resulting in an increased program of works in bushland reserves and extensive fuel reduction burning with the assistance of the CFA. A review of the Shire's 117 existing fire management plans was also undertaken throughout the year, and a review of the local law relating to open air burning has commenced.

Enhancing the coastal experience

To protect and enhance opportunities to enjoy the coastal experience.

Working in partnership with community groups and other levels of government, we are committed to:

- Protecting and enhancing the 193 kilometres of coastline that surrounds our Shire; and
- Improving the access to and amenity of our foreshore reserves.

Highlights of 2010-11 included:

Foreshore camping reserves

The Shire is responsible for the management of foreshore camping at Rosebud, Rye and Sorrento, which attracts thousands of visitors each year. Easter 2011 was a particularly busy time, with bookings up by 15%, while off-season bookings rose by 8.5%. A range of improvements were implemented across the foreshore camping locations including increased cleaning and rubbish removal, improved signage and electrical upgrades. The establishment of a Camping Liaison Committee has proved helpful in gaining feedback and input into proposed improvements. Four amenity blocks were also upgraded throughout 2011-12, with improvements to toilets, showers and change areas.

Dromana Pier Precinct

The completion of stage one of the Dromana Pier Precinct coincided with the town's 150th celebrations, and included improved car parking and landscaping. The improvements are already proving extremely popular with locals and visitors alike, creating a focal point for the town.



Climate change and our coast

Mornington Peninsula Shire is a key partner in two research projects funded largely by the federal government to better manage the impacts of climate change on our coastline.

The first project, *Deciding for the coast – implementing effective adaptation actions*, is a partnership between the Shire and the South East Councils Climate Change Alliance, Bass Coast Shire, Cardinia

Shire, City of Casey and the DSE. It will develop a framework to better assess the social, economic and environmental impacts of different coastal adaptation options.

The second project, *Choosing a preferred pathway for Port Phillip Bay*, will improve the information available on the comparative costs and benefits of different adaptation options. It will also form an understanding of the timeframe in which a particular adaptation option becomes cost-effective and acceptable. The Murray Anderson catchment that includes parts of Rosebud and McCrae has been chosen as one case study site for the project. Project partners include state government departments, local government organisations, research institutions and other local government areas.

Coastal Management Plans

Coastal Management Plans (CMPs) set out the vision and land management requirements for specific foreshore areas, and include short-to-medium term plans identifying required resources, infrastructure and potential sources of funding.

A number of CMPs have been developed in recent years, or are currently underway including: Mornington (due to be finalised and exhibited in 2012); Rosebud (to be presented to Council in November 2011); Hastings South (will be considered by Council in 2012), and; Safety Beach (scoping is currently underway).

Foreshore improvements

Over the past 12 months, Council has worked closely with local communities to provide a range of improvements to foreshore reserves, including:

- A draft strategy has been developed by the Shire's infrastructure team to provide strategic direction for investment in improving toilet block facilities across the Shire. This strategy takes into account facilities within foreshore areas.
- A review of maintenance service standards conducted by the Infrastructure division with a view to identify areas of improvement as part of the any new contracts issued. Foreshore managers and advisory groups provided input into this process.
- Progress on design work for a number of car park upgrades including Mt Martha, Canadian Bay and Hastings boat ramp.
- Investigations to improve the capacity of the pontoon at the Hastings public boat ramp.
- A recreational boating plan was finalised for Sorrento.
- A number of plans are underway to improve the general landscape condition of foreshore areas including the Mornington Football Memorial Precinct and the Flinders foreshore.
- Another section of the Bay Trail at Safety Beach (to Prescott St) was completed.
- Construction commenced on the Mornington-Caraar Creek Cliff Walk, which was closed in late June to landslip concerns.

Association of Bayside Municipalities (ABM)

The Shire is an active member of the Association of Bayside Municipalities (ABM) which comprises the ten councils with coastal frontage to Port Phillip Bay.

Councillor Anne Shaw has been the Shire's representative on ABM for a number of years, and served as President for the 2010-11 year.

Foreshore Advisory Groups

The Shire has established seven community-based Foreshore Advisory Groups to provide input to the coastal planning for areas where the Shire is the Committee of Management. Shire officers attended a number of meetings throughout the year. Several new appointments were made during 2010-11 and revisions to the Terms of Reference has been drafted and distributed to all groups for comment.

Healthy, safe and connected communities

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

Working with our community, we continue to:

- Provide and support a range of community projects, events and festivals;
- Increase access information and learning opportunities for all ages; and
- Advocate for improved housing diversity and affordability for those in need.

Highlights of 2010-11 included:

Families and Young People

Throughout the year, more than 266,000 hours of childcare was delivered to local families through the Family Day Care program.

The establishment of a Youth Support Outreach Base at Mount Eliza Village Neighbourhood Centre has dramatically improved access to one-to-one personal support service for young people living in Mount Eliza, Mornington and Balcombe ward areas. Two team members work from the base on Monday, Tuesday and Friday each week.

ACTIV8, the Shire's active after school program offering weekly sports and games at local primary schools across the peninsula continues to grow in popularity, and a further 12 months funding has ensured the program is extended until the end of 2012.

The Shire also expanded the SCOPE program held for children with disabilities during school holidays (from one day to two days per week) to accommodate an increase in demand.



Community and Neighbourhood Renewal

The Rosebud West Community Renewal and Hastings Neighbourhood Renewal initiatives are a partnership between the Shire and the State Government to create a stronger 'sense of place' for residents of these areas. Over the past 12 months, the Shire and the local communities have worked together to develop a range of programs that will provide:

- Ongoing community participation in decision-making;
- New employment and learning opportunities;
- Increased volunteering and other support;
- Improved community facilities and open space; and
- Improved feelings of safety and wellbeing.

Hastings Neighbourhood Renewal now operates out of the new Hastings Hub (see page 9 for more details).

Literacy Villages

The Shire is partnering with the City of Frankston, the State and Federal Government and the private education sector in an innovative community-based program to improve the literacy of children in the region. The two municipalities will establish a number of 'Literacy Villages' to bring together a range of community stakeholders to develop plans and program for their local community. Six Literacy Villages will be established in each municipality, and each Village will have its own 'Mayor' to oversee the development and implementation of the local action plans.

Community events and festivals

Each year, the Shire facilitates more than 500 community events and festivals. This year Rye, Dromana, Hastings and Mornington commemorated 150 years since the gazetting of their township. Each township developed a series of events designed to highlight and celebrate the anniversary. One highlight was the unveiling of a time capsule outside the Shire's Hastings office, in conjunction with HMAS Cerberus who was also celebrating the Navy's centenary.

Australia Day celebrations continue to be extremely popular, with more 80,000 people attending the celebrations at various sites around the peninsula, while more than 1,000 cyclists competed in the Bay2Bay cycling event.

Transport

The Shire successfully advocated for an enhancement of the 788 Bus Service to 45 minute intervals during the peak summer period, and has played a key role in the initiation of the Interface Council Public Transport Working Group which will aid in enhancing public transport in interface areas.

As part of the implementation of the Shire's road safety strategy *Peninsula DriveSafe*, the shire has worked toward creating safer rural roads and safer neighbourhoods with road traffic treatments and speed reductions on a number of local roads.

Home and community care

Throughout 2010-11, the Shire's home and community care team enabled more-than 5,000 older people and people with a disability to remain living at home and independently by delivering:

- 2,700 comprehensive 'living at home' assessments to develop care plans to support clients' independence and functional capacity.
- 165,000 hours of home/personal/respite care (an increase of 5,000 hours on last year's figures).
- 86,000 delivered meals.
- 4,000 hours of home maintenance and modifications.
- 8,500 community transport passenger trips.
- 6,650 hours of activity programs.
- Support to 18 Senior Citizens Clubs, including six from culturally and linguistically diverse backgrounds.

Supporting a sustainable economy

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

Agricultural audit

The Shire undertook an audit of the agricultural activity on the Mornington Peninsula and found that production across the municipality is rich in diversity and scale of production. The Port Phillip and Western Port region is the second most valuable agricultural region in the state, producing at least 15 per cent of the total wealth generated from Victorian agriculture, from less than four per cent of the state's farmland (OSISDC 2010). The peninsula makes a significant contribution to this annual production figure with current estimated values of gross agricultural production of approximately \$450million.



Tourism

Mornington Peninsula Tourism (MPT) continues to perform extremely well and took out the Victorian and National Tourism Awards for Specialised Tourism Services for the second year in a row. MPT also launched a mystery shopper Tourism Business Audit across the region to objectively measure, track and assess the customer experience being delivered by 60 member businesses. This provides a quantitative and qualitative snapshot of how region is performing. A mobile phone website, an iPhone application and ebooks to promote tourism businesses on the Peninsula were also developed.

Business support

The Shire ran 10 full day Tourism Excellence workshops to train tourism businesses in topics such as website management, packaging, research, customer service, marketing and business planning. Over 250 tourism operators attended. The Shire has also introduced an Experts in Residence mentoring service which provides useful information to new or expanding businesses across the Peninsula. Through an independent facilitator, businesses meet monthly to assist each other in everyday business issues.

Careers and Jobs Expo

The Shire's Careers and Jobs Expo was once again held at Peninsula Community Theatre, attracting 48 exhibitors and more than 2000 attendees. This annual event is a great opportunity for local businesses to highlight their career and employment opportunities to Peninsula students.

Traineeships and work experience

The Shire offers a number of traineeships for local young people each year including the Wal Morrison Traineeship, school-based apprenticeships at The Briars, and traineeships in planning and tourism. The Shire also has a 'never say no' attitude to work experience, with more than 100 students (both secondary and tertiary) hosted in Shire workplaces each year.

Innovative, responsive, value-for-money service delivery

To optimise value for rate-payers through efficient, effective and innovative service delivery.

Awards

- Pelican Park Recreation Centre has once again cemented its reputation as a benchmark community facility by winning two prestigious awards at the annual Aquatics and Recreation Victoria Industry Awards. The centre won both the Swim School and Health Club (Gym) Award for 2011, making Pelican Park one of the most awarded facilities in the 11 year history of the Industry Award ceremony.
- Pelican Park has also been awarded the Platinum Pool status by Life Saving Victoria for the fourth consecutive year. The centre is audited against an extensive set of industry principles to ensure the provision of safe water spaces for the community
- The Shire's Family Day Care service was nominated in the 2011 Family Child Care Awards in the category of Children's Service of the year with four educators being nominated in the category of Child Care Worker of the Year.



Governance and compliance

The establishment and recruitment of a Compliance Liaison Officer has enabled the Shire to better manage and coordinate a range of *Local Government Act* and other applicable legislation requirements in a structured manner. The officer also coordinates enquiries from and responses to the Office of Victorian Ombudsman and the Local Government Victoria's Compliance and Investigations Group. Council's Complaints Handling Policy provides a framework for dealing with community complaints, and where those complaints are escalated or not resolved satisfactorily, the Compliance and Liaison Officer undertakes a review of the complaint and the processes involved.

Community engagement

Community engagement remains a high priority for Council, with engagement activities occurring on a daily basis. Engagement activities include one-on-one meetings with residents, consultations with user groups and stakeholders, meetings with advisory groups such as the Peninsula Advisory Committee for Elders (PACE), monthly community council meetings and ward meetings – just to name a few. The CEO, Dr Michael Kennedy, for example, has sought to visit as many community groups and service clubs as possible to discuss the Shire budget and the broader Shire financial position. This has had the effect of informing many more residents and ratepayers than through more traditional briefing processes.

Understanding planning

This year the planning team has relaunched the revitalised, rebranded 'Planning Environment' newsletter. The newsletter is an operational and technical document clarifying recent changes to the planning scheme, such as the Wildfire Management Overlay; how council interprets planning scheme requirements; recent VCAT decision; and staff changes and other operational information. The re-launch of the newsletter in June 2011 was followed by a well-attended information session to members of the statutory planning industry, including private planning consultants, land surveyors, architects, draftspeople and building surveyors. The newsletter is a great way to engage with professional bodies and companies that lodge planning applications with the Shire.

Staff development

The Shire is committed to staff development, and our successful student/graduate engineer work experience and development program resulted in the appointment of two new design engineers. Career development has also been a significant focus for all our younger engineers, with placement rotations within the team. The opportunity was also taken for team members to participate in secondment arrangements with Melbourne Water and more recently the Peninsula Link project, where we place one of our engineers within the project team for six months at a time. This gives the engineers an opportunity to learn from a large scale project and share their local knowledge, ensuring the best community outcomes.

Technology

The Shire keeps up to date with emerging technology to provide the most convenient and efficient service to our community. As one example, a smart phone application concept is currently being developed which will provide residents and visitors with a range of interactions with Shire services, and the opportunity to seek information or report maintenance issues.

Risk management

During community safety month which is held in October, the community assisted the Shire's risk management focus by advising on 70 hazards that were all addressed. Risk management audits were also conducted by the Shire's property insurers – including an audit of all Maternal and Child Health Centres – with excellent results.

Mornington Peninsula Shire
Annual
Report
2010-2011

achievements
and
financials



COMMITTED TO A
SUSTAINABLE
PENINSULA

Part Three: Our Teams

Sustainable Environment

Strategic Planning	29
Statutory Planning	32
Environment Protection	34
Economic Development	36

Sustainable Infrastructure

Infrastructure Strategy	38
Infrastructure Project Management	40
Infrastructure Maintenance	42
Renewable Resources	45

Sustainable Communities

Child, Youth and Family Services	48
Aged and Disability Services	50
Recreation and Leisure	52
Libraries, Arts and Culture	55
Social Planning and Community Development	57

Chief Executive Office

Corporate Planning and Projects	59
Communications	61
Team Support and Development	63

Sustainable Organisation

Governance and Corporate Support	65
Property and Valuations	67
Information Services	69
Finance	71

The Shire Organisation

Chief Executive Office

Dr Michael Kennedy OAM, Chief Executive Officer
Manager Corporate Planning and Projects: Alison Leighton
Manager Communications: Todd Trimble
Manager Team Support and Development: John Rankine

Sustainable Communities

Joe Cauchi, Director
Manager Aged and Disability Services: Jenny Van Riel
Manager Child, Youth and Family Services: Robin Adams
Manager Libraries, Arts and Culture: Geoff Carson
Manager Recreation and Leisure: Peter Gore

Sustainable Environment

Stephen Chapple, Director
Manager Economic Development: Shane Murphy
Manager Strategic Planning: Allan Cowley
Manager Environment Protection: Claire Smith
Manager Statutory Planning: Angela Hughes

Sustainable Infrastructure

Alex Atkins, Director
Manager Infrastructure Maintenance: Barry Pankhurst
Manager Infrastructure Strategy: Niall McDonagh
Manager Infrastructure Project Management: Craig Cinquegrana
Manager Renewable Resources: Sophia Schyschow

Sustainable Organisation

Kevin Clarke, Director
Manager Finance: Geoff Emberson
Manager Information Services: Brandon Cheshire
Manager Governance and Corporate Support: Noel Buck
Manager Property and Valuations: Yasmin Woods

SUSTAINABLE ENVIRONMENT

Strategic Planning

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

Key Responsibilities:

- Land use strategy and policy development which relates to areas including housing and settlement strategy, activity centre planning, green wedge management, port area planning and the connections between these issues which influence land use, transport and development patterns.
- Local area design projects which include town centre plans, township design frameworks and streetscape plans.
- Heritage planning and urban design including issues relating to neighbourhood character.
- Coastal planning including the development and review of coastal management plans for specific areas of the coastline.
- Natural systems planning including the development of a biodiversity action plan for the peninsula.
- Mornington Peninsula Planning Scheme review, maintenance and upgrading.

Highlight:

The approval of Amendment C101 for Flinders and Amendment C103 for Shoreham, in January 2011 has been a highlight of the 2010- 2011 year.

Both of these amendments address the issue of character in village centres, and provide examples of the detailed work necessary to produce a convincing argument for local provisions that respond to community concerns and aspirations.

The Design and Development Overlays (DDO) that were introduced through C101 and C103 recognise that the character of smaller centres is particularly vulnerable to intrusive development. In this context the planning provisions are quite detailed and include mandatory height controls, providing a greater level of certainty.

Both DDOs also include reference to more detailed design guidelines. The Shoreham guidelines were produced by Hansen consultants, while the Flinders Guidelines were produced in-house by Shire staff, with assistance from Mike Smith & Associates.

In both cases, the guidelines provide an important reference to the elements which constitute ‘character’ in small townships and measures to ensure that future design is responsive to context.

Other achievements for the year included:

- The representation of Council at the Mornington Harbour Environmental Effects Statement (EES) and Planning Scheme Amendment Panel hearings.

- Submission in response to the federal government's National Urban Policy and Sustainable Population Strategy reviews.
- Submissions on behalf of Council in response to the state government's Inquiries into Liveability and the Victorian Tourism Industry and the Land and Biodiversity White Paper.
- Submissions on behalf of Council to the Independent Panel in relation to the proposed Heronswood amendment (C136).
- Exhibition of the Tyabb Structure Plan, Flinders Village Streetscape Design Plan, and Mornington Football Disaster Memorial Park Plan.
- Adoption by Council of an interim policy relating to Dwellings in Rural Areas.
- Liaison with the CFA and DPCD on the introduction of the Wildfire Management Overlay.
- Completion of the Fossil Beach Conservation Management Plan.
- Liaison with DSE on a range of beach renourishment projects.
- Approval of a number of amendments including interim design controls for the McCrae Village, interim controls in regard to caravan parks in the Green Wedge and the continuation of interim provisions in relation to Heronswood, Dromana.

Challenges:

- Protecting the green wedge and understanding state policy in relation to the provision for caravan park and mobile home accommodation.
- Development of rural planning policy relating to construction of dwellings within the green wedge in association with rural living and lifestyle farming.
- Planning to distribute new housing demand, including the demand for social housing, in a way which supports more sustainable patterns of development, reduced car dependency and better access to community facilities.
- Pressure on low density residential zones where provisions do not exclude higher density forms of development. Careful consideration and effective utilisation of land within the Urban Growth Boundary needs to be explored.
- Development of design frameworks for activity centres where built height, bulk and materials, open space and streetscape needs to support the character, role and function of town and village centres.
- Determining the threshold level of significance for heritage planning that warrants control over modification and removal of such buildings.
- Developing an effective database to form the basis for biodiversity planning and the protection and restoration of eco systems.
- Developing coastal management plans which reflect the different role and function of different foreshore areas and ensuring appropriate infrastructure to meet demand for coastal recreation while having regard to climate change impacts.
- Ensuring planning for the Port of Hastings has proper regard to the potential impact on the environment and local communities including the development of a coherent and credible transport infrastructure strategy.

The coming year:

- Working in conjunction with the state government on the new Mornington Peninsula Planning Policy Statement.
- Input to the state government's review of the planning system and the development of the new Metropolitan Planning Strategy.
- Completion of a Housing and Sustainable Settlements strategy which will be linked to the state government's housing requirements program and will define future housing capacity for different areas on the peninsula, applying best practice to the assessment of current and potential development patterns.

- Exhibition of the Green Wedge Management Plan, including policies relating to dwellings in the rural area and caravan park applications.
- Completion of a Rosebud Design Strategy to resolve key design issues within the Rosebud Activity Centre and to provide for integration of urban design and land use planning.
- Preparation of the Port Phillip Urban Design Framework and Western Port Character Study and Design Guidelines, including a character study and design guidelines for Red Hill.
- Exhibition of the Hastings Major Activity Structure Plan, the Crib Point Township Plan, the Somerville Township Plan, McCrae Village design guidelines, Dromana Structure Plan and Mount Eliza town centre plan.
- Completion of the Tyabb Structure Plan and Flinders Village Streetscape Design.
- Development of new guidelines by the Design Advisory Panel to ensure proper neighbourhood character and design response processes are followed by applicants.
- Undertaking Stage 2 of the Shire's Heritage Review, with investigation of the Dromana, Rosebud and Rye areas. In the interim, greater access to heritage information will be provided on the internet.
- Completion of a Conservation Management Plan for Police Point Shire Park at Point Nepean.
- Completion of the Heritage Study for Main Street Commercial Precinct in Mornington.
- Completion of a comprehensive fauna atlas. When combined with already completed detailed vegetation mapping and assessments, it will form the basis for evidence based habitat modelling and will be a key input into the Biodiversity Action Plan.
- Release of a new Environmental Weed Control Brochure.
- Rosebud, Hastings, Mornington and Safety Beach Coastal Management Plans will be placed on exhibition for public input.
- Liaison with the new Port of Hastings development agency to ensure that community concerns are addressed in relation to the Port of Hastings 'green port' proposal.

SUSTAINABLE ENVIRONMENT

Statutory Planning

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

Key Responsibilities:

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

Highlight:

This year the team has relaunched the revitalised, rebranded 'Planning Environment' newsletter. The newsletter is an operational and technical document clarifying recent changes to the planning scheme, such as the Wildfire Management Overlay; how Council interprets planning scheme requirements; recent VCAT decisions; and staff changes and other operational information. The re-launch of the newsletter in June 2011 was followed by a well-attended information session to members of the statutory planning industry, including private planning consultants, land surveyors, architects, draftspeople and building surveyors.

The newsletter is a great way to engage with professional bodies and companies that lodge planning applications with the Shire.

Other achievements for the year included:

- Organising and facilitating information and advisory sessions with industry stakeholders including sessions relating to the new Wildfire Management Overlay.
- Developing a robust working relationship with the Country Fire Authority (CFA) in dealing with the Wildfire Management Overlay.
- Participation in the Municipal Association Victoria's (MAV) STEPS program which is designed to create efficiencies and reduce delays in the assessment of planning applications.

Challenges:

- Delays in the planning application process caused by referral requirements under the Wildfire Management Overlay. The team has worked proactively with the CFA in trying to reduce the delay experienced by our planning applicants and has

changed our internal processes in assessing planning applications in an attempt to reduce the delay experienced with these kinds of applications.

- An expectation that the current Wildfire Management Overlay will change through the introduction of new bushfire controls in the planning scheme. These new controls are expected to be introduced to planning schemes across Victoria in September 2011. Shire planning officers are working closely with the Department of Planning and Community Development in an attempt to shape these controls so they are more 'user friendly' and can be tailored to specific areas.
- The team remains committed to creating efficiencies in the assessment of planning applications to reduce the time taken to decide a planning application. Our challenge is to change the way we consider an application, in terms of our internal processes, to have a meaningful impact on the number of days taken to decide an application. Our participation in the MAV STEPS programme has been the first of many steps in tackling this issue.

The coming year:

- A focus on developing and strengthening our statutory planners to ensure the team is appropriately resourced to deliver the highest quality of service.
- Re-focus efforts on providing opportunities to students/interns as a way of attracting statutory planners to the Shire.
- Providing sufficient learning opportunities to up-skill staff members.
- Identify opportunities to streamline process and procedure to deliver better quality planning decisions in a timely manner.
- Communicate and respond to key stakeholders, including government agencies, professionals, community groups and community members, involved in the planning process to protect and enhance the unique environment of the peninsula.
- Distribute our newsletter 'Planning Environment' , three times a year as a way of engaging our planning applicants.
- Contribute to the Council's expected response to a likely state government Planning and Environment Act review.

SUSTAINABLE ENVIRONMENT

Environment Protection

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

Key Responsibilities:

- Development compliance.
- Promotion of health in areas of food safety, wastewater management and other health-related matters.
- Fire prevention including a yearly inspection process and education to reduce the risk of wildfire in the community.
- Animal management services including the promotion of responsible pet ownership, education, leash-free areas, local law compliance and operation of the Community Animal Shelter where lost pets are cared for until they can be reunited with their owners.
- Compliance with Local Laws and other related regulations.
- Statutory building services.

Highlight:

This year the Shire started accepting statutory building permits and other related documentation electronically. This change has meant that there are considerable savings in time, paper and postage for the business using this electronic option as well as savings for the Shire of resources and officer's time.

Other achievements for the year included:

- Successful management of a number of compliance issues.
- Support of the building industry through hard economic times, including assisting Inghams Somerville after a major fire emergency and providing advice to aid with rebuilding.
- Continued work on the Shire's Wastewater Management Plan with successes including Merricks Beach sewer consultation and working with South East Water to reduce the backlog sewer plan for the southern peninsula.
- Working closely with the Shire's IT department to help the administration team effectively use corporate applications to assist with increased workloads.
- The Community Animal Shelter cared for more than 2,000 pets and together with the Shire Rangers assisted in many pets being reunited with their owners. According to statistics, dogs are more likely to be claimed than cats. Statistics for the 2010-2011 year include:

Dogs reported at large:	3102	Cats reported at large:	585
returned directly to owner	261	returned directly to owner	3
dog not located by officers	1632	cat not located by officers	76
impounded	1209	impounded	506
Of the dogs impounded		Of the cats impounded	
returned to owner	930	returned to owner	107
re-homed	238	re-homed	280

Challenges:

- Implementation of a system update for the Shire's property management system.

The coming year:

- Assisting the building industry with the changes that will be necessary when the planning requirements of the Wildfire Management Overlay are replaced with a new Bushfire Overlay. The changes will streamline the process in the long run.
- The continued implementation of the requirements of the Integrated Fire Management Planning system, and the transfer of statutory responsibilities from the Municipal Fire Prevention Committee to the Municipal Fire Management Planning Committee.
- The implementation of the Emergency Management (Fire) Co-ordinator position to assist with the continued implementation of the recommendations of the Royal Commission into Bushfires.
- Continuing the implementation of electronic and field-based technology to assist officers to collect data in the field and to improve customer service options.

SUSTAINABLE ENVIRONMENT

Economic Development

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

Key Responsibilities:

- Business support programs including small business mentoring, skills development seminars, industry association support through special change schemes, commercial centres, footpath trading licensing and business networking and promotion through MPBOnline.
- Local economy surveys to ensure Council is informed on issues arising in the business sector.
- Mornington Peninsula Tourism (MPT), which is responsible for servicing 370 members and their eight local tourism associations. The team collaboratively markets our region to Melbourne, interstate and international visitors to ensure return visits and to promote off-peak season, spreading the economic benefits.

Highlight:

The Economic Development team undertook an audit of the agricultural activity on the Mornington Peninsula. The audit found that Agricultural production across the municipality is rich in diversity and scale of production.

The Port Phillip and Western Port regions, within the municipality, is the second most valuable agricultural region in the state, producing at least 15 per cent of the total wealth generated from Victorian agriculture, from less than four per cent of the state's farmland (OSISDC 2010). The peninsula makes a significant contribution to this annual production figure with current estimated values of gross agricultural production of approximately \$450million. The table below breaks the agricultural into specific sections.

Commodity – Mornington Peninsula Shire	Value of agricultural commodities produced* (\$m)
Vegetables	170
Poultry	90
Wine	75
Livestock	30
Berries	20
Fruit	10
Nurseries	20
Aquaculture	10
Other	25
Total	450

**The value placed on recorded production at the wholesale prices realised in the market place (2010 Australia Bureau Statistics)*

Other achievements for the year included:

- Continuation of the MPT Traineeship for eight students and tourism operators.
- Successful transition of Western Port Business Centre (business incubator) into the Economic Development team's operational control.
- Winning the Victorian and National Tourism Awards for Specialised Tourism Services for the second year in a row.
- Appointment of a Rural Business Officer to undertake an agricultural audit of rural activities across the Shire.
- Attaining 41 per cent increase in Tourism Victoria Grants, from \$195,000 to \$274,322 and raising \$437,000 from industry in cooperative marketing campaigns.
- Coordinating ten full day Tourism Excellence workshops to train tourism businesses in topics such as website management, packaging, research, customer service, marketing and business planning. Over 250 tourism operators attended.
- Launching the mystery shopper Tourism Business Audit across the region. This confidential 'mystery shopper' tourism audit process helped to objectively measure, track and assess the customer experience being delivered by 60 member businesses. This provides a quantitative and qualitative snapshot of how region is performing.
- Liaising with Parks Victoria to design and market a 100km Mornington Peninsula Walk, designed to encourage overnight stays.
- Developing a mobile phone website, an iPhone application and ebooks to promote tourism businesses on the peninsula.
- Support for the International Cool Climate Wine Show whereby 700 entries are received from across Australia and New Zealand.
- Conducting the 2010 Careers Expo where 48 exhibitors and 2,000 attendees.
- Introduction of the Experts in Residence mentoring service which is exceptionally well supported regionally.
- Management and administration of four retail Special Charge Schemes in Hastings, Sorrento, Rosebud and Mount Eliza. A fifth Mornington scheme was introduced. Introduction of a Peer Support program for businesses. Through an independent facilitator, businesses meet monthly to assist each other in everyday business issues.

Challenges:

- Support agricultural activities and integrating agi-tourism into the green wedge zone where restrictions are greater.
- Support for Western Port Business Centre which has been struggling in tenancy occupation and ongoing financial viability.
- Supporting the Sorrento and Mornington Visitor Information Centres during accreditation criteria changes from Tourism Alliance
- Supporting eight Local Tourism Associations and seven Chambers of Commerce and juggling their varied needs and requests.

The coming year:

- Greater integration through selected internal projects between the business development and tourism teams to enhance the Economic Development team's efficiency as well as program effectiveness.
- Implementation of the inaugural Frankston and Mornington Peninsula Excellence in Business Awards. These awards will be held in conjunction with Frankston City Council and aim to promote outstanding businesses in our region.

SUSTAINABLE INFRASTRUCTURE

Infrastructure Strategy

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

Key Responsibilities:

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

Highlight:

The Infrastructure Strategy team had key achievements with the development of a number of significant policies and strategies.

The Contributory Scheme Policy and Strategy for Infrastructure Works and the Contributory Strategy for Road Construction in Urban Areas was adopted in January 2011.

The Shire's Unmade Road Construction Strategy provides a strategic approach to managing the road infrastructure on the peninsula. Implementation will enhance the built environment and meet the community's needs for access, ecological protection, amenity and safety. The Contributory Schemes Policy and Strategy is the document used to fund these works.

The new policy and strategy responds to the change in the *Local Government Act* simplifying special charge scheme implementation, by providing a robust and straight forward process for the construction of urban roads.

Council also adopted a new Asset Management Policy in July 2010.

The purpose of the Policy is:

- To translate the Shire's broad strategic outcomes and plans into a policy framework that will enable the Shire to deliver sustainable services that are underpinned by sound asset management practices.
- To develop and maintain a long-term financial plan based on a sound asset management strategy and asset management plans.
- To promote effective and efficient asset management processes and practices.

The policy includes a framework that provides a strategic approach to asset management, linking the Shire's Strategic Plan to the asset management policy, strategy, plans and operational plans.

The team also reviewed the Footpath Construction Strategy and the Road Management Plan and the development of a Public Toilet Strategy.

Other achievements for the year included:

- Public transport enhancement of the 788 Bus Service to 45 minute intervals during the summer holiday peak. The Shire also played a key role in the initiation of the Interface Council Public Transport Working Group.
- As part of Peninsula DriveSafe, the Shire's road safety strategy has worked towards creating safer rural roads and safer neighbourhoods by the progression of reductions in speed limits on a series of selected roads as a demonstration project.
- Transport Connections delivered a transport initiative called the CHAMPS program, which provides transport to peer support programs for children 8-12 years of parents with a mental illness.
- Development of the Shire's asset management plans for the four major asset classes is nearing completion. The plans document how levels of service can be provided to the community utilising infrastructure assets in the most cost effective manner over the lifecycle of the assets.
- Bicycle Strategy implementation involved an extensive roll-out of bicycle parking within Mornington, Hastings and Rosebud townships. It also saw the construction of a number of shared paths, the initiation of a mountain biking liaison group, creation of a Facebook page (with over 400 members), and continuing the RoadSafe programs with schools.

Challenges:

- Implementation of the Footpath Strategy due to the greater workload created by the increased budget.
- A re-structure of the team including changing the roles of a few staff members.
- Completing the Peninsula Way review and implementing the continuous improvement plan.
- Implementation of the additional footpath construction strategy and contributory scheme strategy projects.

The coming year:

- Finalisation of Public Toilet Strategy
- National asset management assessment of all municipalities in Victoria to ensure they reach a core competency.
- Completion of Rosebud West and Mount Eliza local area traffic management final stages
- Implementation of special charge schemes in line with increased funding.

SUSTAINABLE INFRASTRUCTURE

Infrastructure Project Management

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

Key Responsibilities:

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

Highlight:

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

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

Other achievements for the year included:

- Completion of the Hastings Community Hub.
- Completion of the design and tendering phases for construction of the West Rosebud Family and Children's Hub.
- Stormwater, flood and drainage management was a priority throughout the year with the end of the drought. Flood mapping was continued throughout the year in conjunction with Melbourne Water and the predictive mapping is proving very accurate as confirmed in the high intensity storms. A significant community consultation campaign was also undertaken and incorporated thousands of letters to residents affected by the flooding informing them of the study of their catchments.
- The team delivered millions of dollars of capital works projects including popular community requests such as the Wonderland Terrace road scheme, Mount Martha House refurbishment, Barkly Street road construction, roundabout construction at Truemans and Browns Road and refurbishment of the historic cargo shed at Flinders.
- A new program for landslip hazard mapping is helping to identify landslip risk across the peninsula. The computer model assesses slope stability data and previous geotechnical investigations to predict areas which may be at risk of instability. The information is being used within overlays of the Mornington Peninsula Planning

Scheme to provide more certainty to land owners and developers. The team was the first within local government to undertake this type of investigation.

- The Shire is leading the way within local government in undertaking Aboriginal Cultural Heritage assessments. The team is working closely with the Shire's newly appointed Indigenous Officer Adam Magennis who is also studying archaeology at Latrobe University, on projects which may impact on aboriginal heritage areas. This not only ensures that sites are dealt with in a respectful manner, but improves efficiency of the project delivery by identifying protective measures early or providing opportunity for redesign. Recently artefacts were discovered which dated prior to 6,500BC.

Challenges:

- Working with a reduced fee income from large scale subdivisions, which are being replaced with a large number of smaller, infill developments as land for large scale subdivisions runs out.
- Facing the global skills shortage of engineers, civil designers and project management staff while ensuring projects are still delivered on time.
- The end of the drought has led to a series of very serious and unseasonal storms across the peninsula. This has required hundreds of drainage investigations requiring staff from within the team to be temporarily reassigned to the drainage team to deal with them.
- The Drainage Engineer has been particularly busy dealing with the aftermath of storms, investigating causes of flooding and developing protection solutions.

The coming year:

- Implementation of the Capital Works Program Continuous Improvement Review recommendations.
- Aiming to ensure delivery of 90 per cent of the committed capital works projects within the financial year, therefore exceeding industry benchmarks.
- Taking action on the outcomes of the Local Integrated Drainage Strategy.

SUSTAINABLE INFRASTRUCTURE

Infrastructure Maintenance

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

Key Responsibilities:

- Cleansing.
- Building maintenance.
- Management of the Shire's parks and roadsides.
- Implementing the Safer Local Roads program.
- Maintenance and construction of public furniture and signage.
- Management of the Shire's bushland reserves.
- Cemeteries administration and maintenance.
- Maintenance and operation of the Shire's fleet services.

Highlight:

Over the past year a number of extreme and severe weather events involving strong windstorms and intense rainfall events have occurred placing considerable additional workloads and pressures on the maintenance teams in the initial response and then cleaning up after the event.

The intense rainfall events, while drought-breaking and resulting in fewer water restrictions, had considerable impacts on the delivery of maintenance services.

Extensive and often repetitive repairs were required to many kilometres of unsealed roads damaged by stormwater runoff. Shire buildings, that had no record of past problems with leaks or flooding experienced issues requiring rectification works.

The Shire's street sweeping and drain cleaning programs were also impacted due to flood waters and large volumes of debris. Even the parks and roadsides maintenance team was placed under pressure. With the breaking of the drought the growth rate of grass went to levels not seen for a decade, requiring additional resources to address long grass concerns.

The strong wind events also caused issues for the maintenance team. Some Shire buildings experienced damage to roofs requiring initial emergency repairs and subsequent follow-up permanent repairs. The parks and roadsides maintenance team experienced many months of progressive clean up of vegetation following a couple of short, but extremely strong, wind events which caused considerable damage along roadsides, within open space areas and along foreshores.

The response to these events from the team was not limited to normal business hours, but many hours of emergency response and assistance to the community and emergency service agencies after hours, often throughout the night, to ensure the Shire's assets were operational again.

Other achievements for the year included:

- As part of the Peninsula Way review for the Sustainable Infrastructure Maintenance Services (SIMS) contracts, community and stakeholder consultation was carried out

over a period of six months to determine if changes were required to the current method of delivery. Consultations were undertaken in a variety of ways including web surveys, shopper interviews, park user surveys, stakeholder workshops, internal staff consultations, service provider sessions and contract coordinator interviews resulting in 720 conversations in total.

- For a second year running, increased demand on services provided was due to increased tourism numbers. An estimated 25 per cent more visitors were on the peninsula over the summer months, directly impacting on the need for street sweeping, public toilet and beach cleaning, litter collection and footpath sweeping. More than 20,000 litter bins, waste bins and recycling bins were emptied throughout January.
- More than 3,500 primary school students, teachers and parents attended Environment Week activities during the last week in March.
- Following a trial involving the cleaning of foreshore amenity blocks in Easter 2010, a revised cleansing regime was rolled out for Shire-operated foreshore camping areas at Sorrento, Rye, Rosebud and McCrae. Feedback from campers was positive.
- As part of our commitment to emergency management and through our strong partnerships with emergency agencies a review of the operation of a Municipal Emergency Coordination Centre (MECC) in times of emergency, resulted in the Mornington Council Chamber being fitted out as the primary MECC and the Rosebud Council Chamber being retained as backup.
- A review of the Shire's 117 existing fire management plans was undertaken and additional plans for a further 75 bushland reserves were prepared.
- The Briars and Warrigine Park hosted a successful Green Corps team for six months, achieving the construction of nursery facilities, fencing, new paths and planting of vegetation. The annual trainee program also operated again throughout the year involving ten secondary students for one day per week.
- The nursery continued to improve with its expanded range of indigenous and native plants which resulted in increased sale figures. It also continued to provide training opportunities including work experience and TAFE placements, volunteering opportunities and school group visits.
- As part of the Shire's *Commitment to a Sustainable Peninsula* and to reduce its impact on climate change, over the past five years through proactive fleet management the number of 6 cylinders in the Shire's fleet has reduced from 113 in 06/07 to 22 in 10/11 and 4 cylinders has increased from 63 in 06/07 to 152 in 10/11. This has resulted in a reduction of the Shire's greenhouse gas emissions per annum from 1550 tonnes pa in 06/07 to 1320 tonnes pa in 10/11. 50 per cent of the Shire's GHG emissions are then offset under the Bunyip Carbon Sink operated by the South Eastern Councils Climate Change Alliance (SECCA) which the Shire is a member.
- Pelican Park Recreation Centre and Pelican Pantry were closed over Easter to allow for major cyclic and refurbishment works.

Challenges:

- Responding to, and adapting services to climate change which cause problems like cracking foundations, stormwater management, strong wind damage, cracking of road pavements, localised flooding, coastal erosion and higher fire risk periods.
- Increased levels of dumped rubbish.
- Increased tourism putting pressure on service levels and service standards, including cleansing.

The coming year:

- Additional funding has been provided for the coming year for a range of service enhancements including:
 - Programmed building maintenance.
 - Unsealed road crushed rock resheeting.
 - Electrical line clearance annual inspection program.
 - Response to windstorms and high intensity rainfall.
 - Clear coat sealing of exposed aggregate footpaths in commercial precincts.
 - Additional mechanical beach cleaning over the peak summer period.
- Continuing to explore the opportunities to be innovative and responsive to changing infrastructure maintenance needs while applying accountable fiscal management to ensure expenditure is within available operating budgets.
- Continue to progress the Peninsula Way Review for delivery of long-term, value-for-money, strategic and integrated Sustainable Infrastructure Maintenance Services (SIMS) beyond March 2013.
- Peninsula Way Review for the procurement of feral animal control services for the next three years.

SUSTAINABLE INFRASTRUCTURE

Renewable Resources

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

Key Responsibilities:

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

Highlight:

This year saw the team develop community education and engagement programs based at the Eco Living Display Centre, at The Briars in Mount Martha.

The centre aims to show residents how they can retrofit their homes to make them more sustainable. With more than 80 per cent of the peninsula's homes being over 30 years old, the centre provides a one-stop place to show residents how to live more sustainably by making small or large scale modifications to their homes. It enables people to see how renovations can be made to an older house to make it more energy, water, waste and resource efficient.

To date, more than 3,000 people have visited the centre since its opening 18 months ago.

Workshops this year included:

- Green Business Network
- Schools environment week
- Keep Australia Beautiful – Tidy Town Awards 2010
- Daffodil Day
- Sustainable House Day
- Sustainable Teachers Network
- Sustainability workshops during school holidays
- Green living arts project
- Composting workshops
- Bread making and chutney making workshops
- Gardening, pruning and cloth nappy demonstrations

Other achievements for the year included:

- Coordination and implementation of a second group purchasing scheme for solar power. This scheme was implemented prior to a further reduction in the federal government subsidy for solar power and ensured residents could take advantage of the lower price.
- Development and implementation of new waste contracts for the operation of the Shire's landfill and transfer stations and green waste processing. The new contracts feature innovative waste minimisation targets as well as engagement of local

residents to operate the re-sales shop. To date, recycling rates from the transfer stations of 50 per cent are being achieved, far exceeding the 20 per cent target.

- Two no-cost green waste weekends were provided with the declaration of the fire season in December and again in April following some severe storms. More than 5,650 residents made use of the free service on these weekends.
- A free e-waste weekend (including television disposal service) was also provided.
- The opt-in kerbside green waste collection service commenced in March – more than 9,800 residents living within the urban growth area have elected to pay for the service to receive a green waste collection each fortnight.
- Continued operation of domestic kerbside waste services. Each year 4 million household garbage bins and 2 million recycling bins are emptied.
- An illegal dumping initiative is being trialled jointly by the Shire, the Regional Waste Management Group and VicRoads. The program is aimed at 'hot spots' where illegal dumping is an on going concern. Counter measures include video cameras, education and enforcement.
- Clean Up Australia Day was a huge success with 57 sites registered across the Shire by community groups, schools and individuals. More than 1,000 volunteers collected hundreds of bags of rubbish and recyclables.
- Purchase of green power for approximately 300 Shire buildings.
- Purchasing of green power for public street lighting ceased and these funds were redirected towards development of small scale energy generation and investigation of energy opportunities for the Shire. To date, solar panels have been installed on eleven community buildings throughout the Shire using this money.
- The Shire participated in an electric vehicle trial run by the Victorian Department of Transport. The plug-in hybrid Prius tested real-life conditions using an electric vehicle which has a range of 20 kilometres before the engine reverts to standard petrol use.
- The Shire has reduced its use of potable (drinking) water by 60 per cent based on 2008 consumption. Savings have been made with the installation of water tanks and retrofitting Shire facilities with leak detection and water saving devices.
- The implementation of Mornington Recycled Water Scheme will provide recycled water to the Mornington Racing Club and Dallas Brooks Park and Civic Reserve in Mornington. Over 100ML (equivalent to 100 Olympic sized swimming pools) of drinking water will be replaced when the scheme is at full capacity in the summer period.
- Implementation of rain water tanks at community buildings.
- Council is working with Casey and Cardinia Councils and the state water authorities to undertake a pre-feasibility study for the Bunyip Food Belt. The project aims to enhance primary production in the Casey/Cardinia corridor and the Somerville/Tyabb area. A key part of the project is to investigate the feasibility of providing recycled water to producers.

Challenges:

- Investigating how carbon pricing will impact on the cost and provision of Shire services.
- The state government Environment Protection Authority (EPA) will increase its landfill levy from \$30 per tonne to \$44 per tonne in the coming year. This has meant a major increase in the fees and charges for waste going to landfill. Further increases have been foreshadowed for future years.
- EPA requirements for managing open and closed landfill sites is increasing, and will require a greater level of resources including auditing requirements, bore sampling and remediation works.

- Increasing costs for green power and water.
- Council's submission to the new review of Regional Waste Management Groups in Victoria.

The coming year:

- New waste minimisation targets will continue to be monitored and an innovations committee will be established to work through how the benefits will be shared if these targets are exceeded.
- A new re-sales shop to be established at the Rye Resource Recovery facility.
- The Shire will be working with its independent auditor to undertake works and monitoring at its closed landfill sites with the view to reduce these monitoring requirements in the future if standards continue to be met.
- The Shire has been successful in two joint funding applications for climate change adaptation research projects through the federal government's Coastal Adaptation Decision Pathways Project.
- The Climate Change Community Engagement Officer will be running a calendar of programs and workshops out of the Eco Living Display Centre at The Briars.
- An energy efficient street lighting business case will be developed and funding support sought from state and federal governments.
- The Greenhouse Action Plan will be reviewed with new targets and actions established.
- An energy opportunities study will be finalised for the Sorrento township to identify opportunities and costs to develop small scale power generation for businesses and residents in the precinct.
- A pre-feasibility study will be completed for the Tyabb and Somerville areas as part of the Bunyip Food Belt program.
- Ongoing retrofitting of water saving devices to Shire buildings as part of the corporate water program.
- A trial of the electric vehicle will be completed as part of South East Climate Change Councils Alliance.
- Development of a proactive approach to carbon storage.
- Monitoring the recycling trial at the Tyabb Football Club and progressively expanding this program to other interested clubs.

SUSTAINABLE COMMUNITIES

Child, Youth and Family Services

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

Key Responsibilities:

- CommunitiesThat Care, building safer neighbourhoods for children and their families.
- Maternal and Child Health and immunisation services.
- The Early Years team focuses on improved health, wellbeing, learning and development of children aged 0-8 years and their families. The team is responsible for a number of programs including Best Start.
- Child care programs for ages 0-13 years including Family Day Care, Annie Sage Childcare and Outside School Hours care.
- Neighbourhood/Community houses, pre-school committees of management and information and support centres.
- Management of the Shire's Community Directory and Community Grants scheme.
- Youth strategic planning and support including one-on-one support for young people and their families, personal development and leadership programs, after school and holiday programs for young people aged 10-17 years, operation of the Shire's youth centres *YLounge, Shed11 and Beachcomber*, and numerous programs, music events and skills training.

Highlight:

This year our youth team was fortunate enough to have 120 free places for a week-long youth camp donated to them from Portsea Camp.

The team only had the staffing capacity to cater for 40 young people from the peninsula and offered addition places to the youth teams at Frankston City Council and Cardinia Shire Council. Together, the three municipalities brought 120 disadvantaged young people to Portsea to enjoy the week-long camp.

Most of the young people involved had never experienced a holiday or camp before. It has been demonstrated through research that initiatives such as this can have a dramatic and positive impact upon how individuals and families regard their citizenship within their local community.

Other achievements for the year included:

- The Family Day Care service was nominated in the 2011 Australian Family Child Care Awards in the category of Children's Service of the Year.
- Four educators were nominated in the 2011 Australian Family Child Care Awards in the category of Child Care Worker of the Year.
- Successful accreditation results were achieved for Vacation Care, After School Care and Family Day Care.
- The team were finalists in the Early Years Awards 2010 for the Young Parents Program.

- The Let's Read project in Rosebud West and Tootgarook has been enhanced by the redevelopment of the delivery model and the engagement of a number of community based professionals and six talented and dedicated community volunteers.
- The new Early Years Planner position is strengthening relationships with kindergartens and child care services and providing welcome support and advice to early services impacted by the National Early Years Reform Agenda.
- Youth team members developed an initiative where young artist aged 10 to 15 years could create and submit a portrait art piece using any art medium. At the launch, 150 family members attended to view 40 pieces of submitted works, and to join in celebration of the young artists.
- A Youth Support Outreach Base at Mount Eliza Village Neighbourhood Centre was established.
- The team worked extensively with Family Life to provide the Kind2Mind Festival which focused on young people's mental health and wellbeing. Over 700 young people attended.
- The 'So Many Choices' schoolies education package developed by our School Focused Youth Service in partnership with Rosebud Police was presented at the National Schoolies Conference in Queensland and has now been adopted nationwide. The education package has demonstrated a positive impact on reducing harm to young people wishing to celebrate schoolies.

Challenges:

- Despite the Shire being proactive in sponsoring local midwives to take up education and join the Maternal and Child Health team, it has been difficult to keep up with attrition.
- Early childhood sector reforms will have significant ramifications for community-based kindergartens with the introduction of increased hours of delivery from 10 hours to 15 hours per child by 2013.
- Supporting the establishment of effective governance for the new integrated facility at Rosebud West.
- The population of young people in the Watson, Mount Eliza, Mornington and Balcombe wards is continuing to grow at a steady rate. The need for additional prevention based after school programs and personal one-to-one support reflective to the population growth within these areas is greater than the teams capacity to deliver.

The coming year:

- The Annie Sage Child Care Centre will be closed at the end of 2011.
- Implementation of the new National Quality Framework.
- Introduction of the new Children's Services Regulations.
- The team will complete a Capacity Assessment review for early years services impacted by the early year's reform agenda and provide assistance in planning and change management.
- The new three year strategic plan for Best Start will commence implementation.
- The team will work with Enterprise Care to ensure that the new integrated facility at Rosebud West has a strong foundation for the future community based governance of the facility.
- The six Communities that Care areas will launch updated Community Action Plans which will guide the next phase of program / activity implementation and prepare for the next survey to be undertaken.

SUSTAINABLE COMMUNITIES

Aged & Disability Services

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

Key Responsibilities:

The team provides a range of in-home and community based services to enable older people and people with a disability to remain living at home safely and independently.

Services include:

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

Note: Services are funded by federal and state and government, and the Shire.

Highlight:

The Shire's Dial-A-Bus program is a door-to-door transport service for older people, people with disabilities and their carers and enables them to access their local areas, one day per week, to enable them to participate more fully in community life and remain socially connected, which are key principals of positive ageing.

The year saw the team continue to rally to achieve their goal to provide every older person and person with a disability who does not have the capacity to drive or access public transport, with tailored transport options regardless of their location.

This goal is now closer than ever with an allocation of Home and Community Care (HACC) growth funding and the continued strong partnership with State Trustees which will see the introduction of a series of new Dial-A-Bus services in 2011-2012. This will mean that the Shire's Dial-A-Bus service will operate in all populated areas on the peninsula on one day per week. The additional HACC funding and continued financial support from State Trustees has essentially fast-tracked the team's capacity to reach its goal. Many Dial-A-Bus patrons use the service to shop, bank, attend appointments, visit spouses in residential care facilities, visit friends and family, and social groups and to attend volunteering activities.

Other achievements for the year included:

- Excellent results in three annual external audits including the team's Quality Management System ISO 9001, Class One Facility Food Safety and Bus Accreditation.
- Continued progress in implementation of the HACC Active Service Model. The approach seeks to 'do with, not for' ensuring that support services don't create dependency but enable clients to undertake many of their own personal, domestic and community activities of daily living with targeted interventions and support.
- Implementation of additional strategies to overcome significant workforce challenges which resulted in a reduction in delays for service commencement (experienced in the earlier part of the year).

- Extensive community consultation as part of the development of a Draft Positive Ageing Strategy which will be considered by Council and put on public exhibition late 2011.
- A comprehensive review of risk assessment process and control measures.
- Significant reduction in workplace injuries in a high risk industry.
- Ongoing identification of vulnerable clients and provision of assistance to develop their own personal emergency management plan (i.e. what they will do in the event of a bushfire or heatwave (in the absence of family members to assist)
- With the frequency, severity and duration of heatwaves and bushfire predicted to increase in the future as a result of climate change, the team have continued to refine heatwave and bushfire response plans to assist some of our more vulnerable community members to survive these extreme weather events.
- The team also delivered the following, to enable more than 5,000 older people and people with disabilities, to remain living at home safely and independently:
 - 2,700 comprehensive 'living at home' assessments to develop care plans to support clients' independence and functional capacity.
 - 165,000 hours of home/personal/respite care (an increase of 5,000 hours on last year's figures).
 - 86,000 delivered meals.
 - 4,000 hours of home maintenance and modifications.
 - 8,500 community transport passenger trips.
 - 6,650 hours of activity programs.
 - Support to 18 Senior Citizens Clubs, including six from culturally and linguistically diverse backgrounds.

Challenges faced by the team:

- Providing quality services within budget in the context of external funding shortfalls and increasing costs of service delivery including labour cost increases and food and fuel cost increases.
- Facing skills and labour shortages in community care worker and assessment sectors.
- Meeting team standards for timely response to service requests with an increased number and complexity of client referrals. These include support to older people from culturally and linguistically diverse backgrounds.
- Due to community nursing shortages and state and commonwealth government health reforms there has been a significant increase in the complexity of care requirements for clients.

The coming year:

- Continued expansion of community transport programs to ensure all peninsula residents have suitable options to enable them to fully participate in community life.
- Finalisation and implementation of the Positive Ageing Strategy which will include a 'whole of Council' and 'whole of community' approach to positive ageing.
- Continued advocacy to state and commonwealth governments to allocate funding that keeps pace with the actual costs of service delivery and the increasing need for service from a much higher than average population
- Continued integration of the Department of Health strategic direction, Active Service Model, into all aspects of service delivery.

SUSTAINABLE COMMUNITIES

Recreation and Leisure

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

Key Responsibilities:

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

Highlight:

The Pelican Park precinct including the recreation centre and pantry again proved to be a major operation for the team.

Pelican Park Recreation Centre has once again cemented its reputation as a benchmark community facility by winning two prestigious awards at the annual Aquatics and Recreation Victoria Industry Awards. The centre won both the Swim School and Health Club (Gym) Award for 2011, making Pelican Park one of the most awarded facilities in the 11 year history of the Industry Award ceremony.

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

Pelican Park Recreation Centre has achieved the highest number of member attendances since 2007 and, compared to the previous years, membership attendances have increased by 7.5 per cent.

A new operation model has been implemented at Pelican Pantry in conjunction with Chisholm Institute of TAFE. A Memorandum of Understanding between Chisholm Institute of TAFE and Mornington Peninsula Shire was developed for the purpose of providing a framework, guidelines and accountabilities in relation to the training outcomes specified in the new workplace training delivery model. The program had more than 30 student intakes with results in Certificate III in Hospitality, Certificate II in Hospitality and Skill sets in OHS, Responsible Serving of Alcohol and Hygiene.

Other achievements for the year included:

- The implementation of the Playground Strategy saw five new playgrounds installed and repairs or minor replacements undertaken at a further five throughout the year. Included in the implementation was the Shire's first outdoor table tennis table installed at Dromana. The table is made of steel and painted by a local artist.

- The Shire is responsible for foreshore camping at Rosebud, Rye and Sorrento. The summer camping season was very successful, and in particular the Easter camping period was a bumper time this year. An increase of bookings over Easter was up 15 per cent on last year's figures. Off-season camping bookings also increased by 8.5 per cent proving the foreshore areas to be a popular tourist destination. Campers appreciated the many improvements at the foreshores including upgrading of four amenity blocks, electrical upgrades, office renovations and the installation of security doors on all camper amenities. Operational improvements included increased rubbish/recycling collection, cleaning procedures, improved booking procedures, installation of community notice boards and safety signage.
- Community hall usage continued to grow in popularity. An increase of 30 per cent on general enquiry calls in relation to the Shire's 34 community halls and an increase of over 10 per cent of occupancy has proved for a busy year. There was an estimated 516,200 users throughout the year, including 250 regular tenants including quilters, dancers, yoga, service clubs and karate groups to name a few.
- Community events were again popular this year, with more than 80,000 people attending Australia Day celebrations and more than 1,000 cyclists competing in the Bay2Bay cycling event.

Challenges:

- Attracting corporate sponsorship for community and special events in 2010-2011 will be challenging due to the current economic climate. A number of community events were postponed this year due to reduced sponsorship and increasing contractor fees.
- As the legislative process (eg. occupancy, food and amplification) has become more complex, event organisers require an increased level of support. A cross-organisational e-team has been developed to review compliance requirements and develop a simple comprehensive guide.
- Extreme weather conditions provided the sport and leisure team with the greatest challenge across several venues in terms of delivery. Mount Martha Public Golf Course recorded over 1200 millimetres of rain, the highest ever since opening in 1976 which has resulted in a drop of almost 15 per cent in total rounds played at the course compared to 2009-10.
- The Shire has approximately 200km of roadside trails used by horse riders, mountain bikers and walkers. A key challenge for recreation planning staff is to accurately identify trails and their users as part of the Equestrian Trails Strategy, which will develop measures to foster courteous trail sharing behaviour.
- Adequately define open space needs based on current and future population requirements in a manner that considers the unique character of the peninsula's townships. The needs of rural residents for open space must also be considered, better defined and actions identified to produce positive benefits for health and wellbeing.

The coming year:

- The sport and leisure team is looking at increasing usage of social media networks to engage current members and attract new users through blogs and Facebook.
- Focus on more training outcomes with Work Experience and VET/VCAL opportunities at Pelican Pantry.
- Construction of Mount Eliza Skate Park and proposed Balnarring/Bittern Skate Park.

- Howard Parker Reserve Master Plan works including walking paths, fitness stations, expanded car parking, new playground, golf practice cage and tennis hit-up wall.
- Development of a strategy for pavilion refurbishments and sports lighting program.
- Oval surface improvements to Red Hill Recreation Reserve, Citation Reserve and Dallas Brooks Reserve.
- The community and special events team will be coordinating free community event planning workshops which aim to educate organisers on legislative requirements, succession planning and risk and traffic management.
- The recreation community partnerships team will continue to support Section 86 Committees of Management which are important forums for local communities with regard to their local sporting reserves.
- Work to update the Shire's Open Space Plan which will include a township-based approach to analyse supply of open space, and investigation of qualitative measures to assist in identifying areas where open space improvements are required.
- Updating the equestrian/ roadside trails strategy to properly define the trail network and provide public information about mountain biking, horse riding and walking opportunities.
- Finalising the master plan for Bunguyan and Tyabb Central Reserves, public exhibition and beginning implementation of improvement works.
- Preparing a conservation/ recreation plan for Police Point Shire Park at Portsea which will identify key stories for interpretation and appropriate recreation facilities and services.
- Updating the draft Soccer, Tennis and Active Sports Strategies and seeking stakeholder and general public feedback. These strategies will help ensure that the Shire makes sound evidence based decisions about expenditure for sporting facilities and support programs into the future.
- Supporting the Rye Beach Action Group in their efforts to 'community build' a new playground on the Rye Foreshore.
- Planning work commenced to determine the best location for the proposed Balnarring / Bittern Skate Park considering a range of key assessment criteria such as accessibility, integration with existing facilities and visibility.

SUSTAINABLE COMMUNITIES

Libraries, Arts & Culture

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

Key Responsibilities:

- Free access to collections of books, magazines, newspapers, DVDs, comics and talking books.
- Free access to technology such as the internet.
- Providing access to mobile and home library services.
- Conducting regular events and programs at Our Library.
- Providing access to exhibitions of local, national and international works of art at Mornington Peninsula Regional Gallery (MPRG).
- Hosting events and life-long learning programs at MPRG to encourage community participation in arts and culture experiences.
- Supporting the development of our Local History Network with training and practical assistance to facilitate preservation of and access to local history resources.
- Development and implementation of the Shire's Arts and Culture Strategy.

Highlight:

A renewed focus on literacy saw Our Library expanding their programs to pre-school aged children including a number of well received events.

The Dinosaur Stomp! was presented at all Shire libraries in May where more than 300 children participated and were captivated by the performance. There were show bag giveaways filled with reading recommendations to help children continue to explore the world of dinosaurs and encourage families to read together.

Other programs included the annual National Simultaneous Storytime which saw more than 200 children enjoy a storytime session at all libraries; more than 700 participants in the Eggcellent Easter Adventures during school holidays; more than 240 children attending the Hastings Literacy Festival; 1,723 children were registered for the Summer Reading Club – an increase of 243 registrations compared to last year; the Scary Things Scavenger Hunt had a total of 560 completed entries; and throughout the year more than 20,000 children attended Babies Love Books Too and Pre-school Storytime sessions.

The Child, Youth and Family services team also promoted Our Library and delivered outreach programs to more than 20 primary schools as well as a number of community centres, secondary schools, childcare centres and pre-schools across the peninsula.

Other achievements for the year included:

- A number of 150th Anniversary Events were a feature of community celebrations during the year. In early 2011 Rye, Dromana, Hastings and Mornington all commemorated 150 years since the gazetting of their townships. Each township developed a series of events designed to highlight and celebrate the anniversary.
- Two key exhibitions we held at MPRG including Experimenta Utopia Now, an international exhibition of media art which comprised 22 interactive and new media

works and Jenny Phillips: the hidden meaning of plants exhibition, which was launched to a crowd of more than 400 people who were artists and those interested in botanical art from all over Victoria and other parts of Australia.

- The Green Living Arts Project, a collaboration with the Renewable Resources team, produced a mural for the entry foyer at the Shire's Eco Living Display Centre at The Briars. The mural was designed by well-known local artist Michael Leeworthy, working with Mount Eliza Secondary College students and was launched on World Environment Day.
- The team acquired an important painting by prominent Australian artist, Arthur Boyd which depicts a landscape of the Mornington Peninsula. This valuable and rare piece of cultural heritage is now held by MPRG for all residents and future generations to admire.
- The Mornington Library recorded its busiest day in history in April 2011, with around 3,600 returned items and 1,500 visitors.
- Usage of Our Library services continued to soar throughout the year, including the new music collection which consists of around 1,000 CDs, the yoututor service for students from grade four to year 12 and TAFE and mobile library services.
- Long-term peninsula resident and former George Bell School student, artist Dorothy Braund donated 43 gouaches and drawings valued at more than \$170,000. This collection of works will be held permanently at the MPRG and is a fine example of modernist style, with many works focusing on the beach at Mornington.

Challenges:

- Development of a long-term Library Strategic Plan which will address future complex information technology and learning environment strategies facing Our Library.
- The adequacy of current library buildings and opening hours to meet community needs.
- Planning and implementation of the 2011 Festival of Arts and Ideas to meet a broad range of community interests in areas of arts and literacy.

The coming year:

- The Festival of Arts and Ideas which will be held in October 2011.
- Delivery of commissioned work by leading botanical artist Jenny Phillips, which is expected in December 2011.
- Implementation of the Arts and Culture Strategy 2011-12 to 2015-16.
- Implementation of the MPRG Development Plan which provides an assessment of the current and future needs of the gallery for the next 10 years and beyond, including a staged building development.
- Development of the Library Strategic Plan to provide an integrated approach to library services over the next five years, taking into account projected changes in IT and user demand as well as building development requirements.

SUSTAINABLE COMMUNITIES

Social Planning and Community Development

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

Key Responsibilities:

- Promotion of community participation and empowerment, social justice, equality and optimal health and wellbeing.
- Aboriginal support and cultural development.
- Access and equity.
- Community development projects.
- Disability awareness and social inclusion.
- Health and well-being.
- Housing rights and issues.
- Social research, policy and planning.

Highlight:

There were a number of highlights within the Aboriginal Support and Cultural Development team which included the establishment of the cultural heritage cadetship position and promoting aboriginal cultural heritage awareness.

The team were also responsible for the inaugural Koorie Night Market which saw more than 1,200 people attend the market in April, held at the Peninsula Community Theatre. The market showcased aboriginal artwork and culture and aims to promote Koorie economic independence and cultural exchange.

The Willum Warrain (Aboriginal gathering place) was relocated to a more appropriate site close to bushland. The board commenced a business planning process and established ways to strengthen the governance structures for the organisation of the group.

The reconciliation film *Liyarn Ngarn*, in partnership with the Human Rights Arts and Film Festive (HRAFF) was shown at Rosebud Cinema to a capacity audience of over 300 people.

Other achievements for the year included:

- A partnership was created between the Shire and the HRAFF to host human rights prints exhibition at the Mornington Library. The prints were originally created to commemorate the 50th anniversary of the Universal Declaration of Human Rights and included a international short film screening in Mornington, and the Shire participating in other activities in Melbourne.
- Community development projects for the year included the 3940 Arts Project in Rosebud West, a Local Action Plan and Neighbourhood Day.
- All Abilities Week proved another successful event for the disability awareness team, who were also responsive for creating a Disability Resource Directory.
- A Food Access Network was established throughout the year and a Food Forum also held.

- The draft Social and Affordable Housing Policy was created. It is hoped this policy will be adopted in the coming year.
- The Somerville Planning Project was commenced which included community surveys, a workshop and a community drop involving a range of age groups and households to identify issues and build a vision for the future of Somerville.

Challenges:

- Responding to growing social issues including housing inequities, social exclusion, health and wellbeing issues and discrimination.
- Facilitating a community development approach to enable social change at a grass roots level in towns and villages.
- Strategic planning of linking growth and expansion of community infrastructure to increasing population demands.

The coming year:

- Development of an Older Persons Housing Policy
- Working to ensure the long-term viability of the Aboriginal Gathering Place – Willum Warrain.
- Establishment of the Rosebud West community hub.
- Strengthening the Rosebud West community arts board.
- Implementing the Disability Action Plan and Scooter Policy.
- Working in partnership with PenDap to provide a number of workshops and a conference to promote capacity building for workers in the drug, alcohol and family violence field.
- Connecting isolated community through a range of community arts projects to promote social inclusion.
- Completing the Somerville Plan.

CEO's OFFICE

Corporate Planning & Projects

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

Key Responsibilities:

- Development and review of the Shire's Strategic Plan and Annual Plan.
- Facilitation of business planning, performance measurement and reporting processes across the organisation.
- Effective and efficient administrative and strategic support to the CEO, Mayor and Councillors.
- Implementation of the Community Partnership Program.
- Continuous improvement to the Shire's community engagement practices.
- Coordination and implementation of cross-organisational projects at the corporate level.

Highlight:

The Corporate Planning and Projects Team commenced work on the Mornington Peninsula Shire Community Engagement Framework Project which aims to produce a framework (Policy and Guidelines) to support the diverse and sometimes complex work that the organisation does in engaging with the community.

The framework, which will be tailored to the unique requirements of our Shire, will also include a policy statement focused specifically on Social Media.

Capire Consulting have been appointed to assist the team in moving through this process and have undertaken a context review that identified that community engagement not only helps to achieve effective and transparent governance, it also strengthens the community, helps to build resilience by increasing knowledge and active involvement in decisions and contributes to a more engaged, healthy and prosperous community. The review has also found that the Shire's engagement practices currently incorporates a full range of activities for a number of purposes including information provision, improved decision-making processes, community events and advocacy or support for vulnerable groups or the general community. There was also strong recognition that the Shire's current engagement practice is extensive and involves all levels and departments of Council. In this way, the review recognised and confirmed the Shire as a Local Government leader in terms of depth and breadth of engagement activities.

Key objectives of the project include:

- Acknowledge the extensive community consultation and engagement practices that are currently in place;
- Provide guidance (including online engagement) to the organisation to undertake innovative and responsive community consultation activities;
- Inform the Mornington Peninsula Shire community about Council's approach to community consultation; and
- Foster high quality community consultation and engagement practices across the organisation.

Other achievements for the year included:

- Assistance to the CEO in undertaking of The Southern Metropolitan Regional Management Forum (SMRMF) Community Engagement Project.
- Coordination of the Mayoral Charity Ball.
- Delivery of the Community Partnership funding program. .
- Coordinated Graffiti management response.
- Coordinated participation in pilot Victorian Local Government Services Report.
- Supported the Chief Executive Officer to deliver 'Peninsula Way Revisited – Doing Even Better' to the Shire's leadership group.

Challenges faced by the team:

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

The coming year:

- The team will continue to facilitate the development of a Community Engagement Policy and Guidelines, including the production of a Community Engagement Toolkit which will assist in engaging the community in policy and strategy development and service delivery. The CEO will also continue to lead a similar project with the Southern Metropolitan Regional Management Forum, including local and state government authorities, agencies and departments with the team's assistance.
- Implementation of appropriate software to capture business planning, strategic planning and strategic performance objectives reporting for the organisation with a view to one point of data entry for multiple reporting functionalities.
- Completion of the mid-cycle review of the Shire's Strategic Plan will continue into the coming year, including integration of the eight strategic themes.
- Review and refresh the 2003 Mornington Peninsula Shire Policy How to Guide.

CEO's OFFICE

Communications

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

Key Responsibilities:

- Strategic advice to internal teams on communications tools.
- Management of the Shire's corporate image in terms of branding, logos and printed materials.
- Writing, editing, photography and production of a number of Shire publications including Peninsula-Wide, Continuing the Climate Change Conversation and the Annual Report.
- Media relations on behalf of the organisation including issuing media releases and fielding media enquiries.
- Maintenance of the Shire's website: www.mornpen.vic.gov.au, including training of staff and implementation of the Shire's website policy.
- Graphic design and strategic publication support and delivery advice.
- Maintenance of the Shire's Fact File library and approval of new Fact Files.
- Corporate photography.
- Communications strategies and publicity plans for internal teams.
- Event support.

Highlight:

As part of the Shire's commitment to 'doing everything the best way it can be done', a comprehensive review of our communications activities was undertaken during the year. All managers and directors were involved in a pre-Christmas workshop to review our existing communications channels, identify new opportunities and discuss key attributes the Shire wants to be known for. A review was then undertaken to identify gaps and new opportunities to improve communications to the community.

It was determined that to effectively communicate to and engage with our diverse communities we must utilise a number of different tools. In the coming year we will be exploring how we can better utilise social media and other emerging technologies to achieve this outcome.

Other achievements for the year included:

- The production of seven *Peninsula Wide* newspapers and four *Continuing the Climate Change Conversations* newsletter.
- Issuing, on average, 15-20 media releases per month to inform the community of Shire policy, events and activities.
- Handling, on average, 25-30 media inquiries per month.
- Continued maintenance of the Shire's website: www.mornpen.vic.gov.au.
- Ongoing support for Shire events, including publicity, media management and speech writing.
- A range of publicity and communications plans for a number of Shire initiatives.

Challenges faced by the team:

- Communicating to a large number of non-resident ratepayers.
- Meeting an ever-growing demand for assistance and support from internal Shire teams.

- Managing the expectations of a community that now demands 24/7 access to shire information.

The coming year:

- Ongoing exploration and development of new and innovative communications channels.
- Continued work on a suite of Climate Change brochures and information sheets.
- Continued communications support and advice to the Mayor and Councillors, and other units across the Shire.
- Tender of the Shire's newspaper Peninsula-Wide and an audit of the newspaper, including format, information included, timing etc.
- The appointment of a new Online Communications Coordinator who will be undertaking an audit of the Shire's current website and determining the direction in which we will be heading with a new website that will incorporate social media and other effective communication tools.

CEO's OFFICE

Team Support & Development

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

Key responsibilities:

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

Achievements for the year included:

- 169 new team members attended a corporate induction day. Many of these participated in the full suite of corporate induction programs including information technology, corporate applications, governance and council overview and management of Shire information.
- 464 individual learning and development plans were received as part of the organisation performance and development review. From the plans received, a corporate training program was developed which saw 52 separate programs conducted with 2,585 attendees – excluding occupational health and safety training.
- 473 team members undertook compulsory Child Protection Protocol training which was delivered by internal staff from the Sustainable Communities directorate.
- 448 team members undertook first aid or related training. The first aid training tender was also prepared and advertised for all associated delivery and administration of the program for the coming three years.

- Tertiary assistance was provided to 40 team members within the organisation who undertook study to further their performance.
- 24 graduates were celebrated at a recognition ceremony for successfully completing Certificate or Bachelor degree qualifications.
- One-on-one coaching was offered to Managers and Team Leaders in preparation for the performance development review procedure. A number of workshops were also held on 'Having Effective Performance Conversations' which received excellent feedback.
- Policy review and training for changes to the Equal Opportunity Act taking effect in August 2011.
- The Peninsula Way Best Practice reviews were conducted for the Business Development, Traffic and Road Safety, Development Compliance, Shire Rangers, Renewable Resources, Fire Prevention, Infrastructure Maintenance and Asset Management teams.

Challenges faced by the team:

- Managing the risks of workplace health and safety on a consistent level.
- Delivering on the learning and development expectations of such a large organisation.

The coming year:

- The review of induction procedures will continue.
- A second staff climate survey will be implemented.
- The induction review that commenced this year will continue into the 2011-2012 financial year.

SUSTAINABLE ORGANISATION

Governance and Corporate Support

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

Key Responsibilities:

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

Highlight:

The establishment and recruitment of a Compliance Liaison Officer has enabled the Shire to better manage and coordinate a range of *Local Government Act* and other applicable legislation requirements in a structured manner. The requirements include the ongoing maintenance and reporting of officer delegations, the review of policies to ensure currency with legislative provisions, and the conduct of 'Ethics and Integrity in Local Government' training sessions to more than 120 Shire team members. The training sessions ensure those team members with delegated decision making roles or functions are aware of conflict of interest requirements, high levels of probity and transparency in decision making and fair, equitable and accountable service and response to the many community applications, permits and requests.

The Compliance Liaison Officer also coordinates enquiries from and responses to the Office of Victorian Ombudsman and the Local Government Victoria's Compliance and Investigations Group.

Council's Complaints Handling Policy provides a framework for dealing with community complaints, and where those complaints are escalated or not resolved satisfactorily, the Compliance and Liaison Officer undertakes a review of the complaint and the processes involved.

Other achievements for the year included:

- Council submission provided in response to the Councillors Guide to Conflict of Interest publication released by the state government.
- Council submission prepared in response to the state government's review of the Electoral Representation Review process.
- During Community Safety Month (October), the community assisted the Shire's risk management focus by advising on 70 hazards that were all addressed.
- Insurers risk management audits were completed by Council's property insurers with excellent benchmarking results, including an audit of all Maternal and Child Health Centres.
- Continued improvement and upgrading of the Merit Customer Management system, including a specific Councillor Request System, implementing features that contribute to the overall aim of improving the quality of service delivery
- To ensure the Shire keeps up-to-date with various technologies, a smart phone application concept is being developed and trialled. The vision is to provide residents and visitors a range of interactions with Shire-based services.
- Council advertised and appointed new independent members to its Audit Committee and reviewed the Audit Committee Charter and Workplan.

Challenges:

- The ongoing development of systems and processes relating to special committees comprising community members to ensure an understanding of conflict of interest requirements and the consistent approach to agendas and minuting of meetings.
- Develop an action plan to implement the Department of Planning and Community Development's Procurement Excellence Program, following the workshops conducted by the Department with officers.
- Develop and implement processes for the roll-out of iPads and smart phones for Councillors and officers to view Council agendas, minutes and other documents electronically.
- Advocate for Council's adopted position for the retention of single member wards in the Electoral Representation Review being conducted by the Victorian Electoral Commission.
- Continue to develop and refine systems to ensure that front-line Customer Service staff are able to respond to a varying number of community issues and concerns, while providing consistency and efficiency in a climate of new information learning.
- Finalise the consultation process with draft Local Laws to be workshopped with officers and Councillors prior to formally presenting to Council for consideration.

The coming year:

- Ensure that the locations allocated by various managers in the Business Continuity Plan do not duplicate accommodation requirements.
- Risk assessments in Interplan will be updated and reported to the Audit Committee twice annually.
- Participation in Community Safety Month 2011 (October).
- Implementation of a case management system as part of the Shire's customer request system, to provide for 'case management' of prosecutions and long term investigations, and also develop and trial the smart phone application so that visitors and residents can interact with Shire-based services.
- Prepare for the Council general election to be held in late 2012.
- Finalise the draft Local Laws for adoption in February 2012.

SUSTAINABLE ORGANISATION

Property and Valuations

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

Key Responsibilities:

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

Highlight:

The 2010 bi-annual revaluation of the Shire (with a revaluation date of 1 January 2010) was returned to Council in July 2010. Issue of Shire Rate Notices and state government Land Tax Notices has resulted in fewer than 90 formal valuation objections being lodged, an excellent result.

The 2012 revaluation is underway and requires the completion of revaluation figures on all rateable properties within the Shire by end of April 2012. The task involves the assessment of three valuation figures, comprising site value (land), capital improved value (land and buildings) and net annual value (net rental value) on 95,000 properties, and we are currently on track to achieve the timelines as prescribed by the Valuer General. The project is a complex program which is monitored weekly over the two-year period between revaluations.

During the last year, the valuations team has also been heavily involved in the classification of rating codes which will be used for the 2011-12 rating year. This is a prelude to the adoption of new Land Classification Codes in the coming year in accordance with Valuation Best Practice.

Other achievements for the year included:

- Completion of Strategic Property Review for both Rye and Nepean Wards, including the recommendation of a number of properties for disposal.
- An extra \$35,000 generated in rental income and \$80,000 in bathing box transfer fees.
- Commencement of the bi-annual beach box inspections.
- Sale of 58A Humphries Road, Mount Eliza for \$510,000.
- Successful closure and sale of 20 parcels of land formerly held as roads and lanes including Pearson Street, Mornington which facilitates a significant Mornington Structure Plan development.
- Tenants secured for Mornington Library Café and the Broadacres at The Briars through an expression of interest process resulting in rental income totalling \$27,000 per annum.
- Facilitated an additional portable classroom for Boneo Primary School through the utilisation of Council land.

- Demolition of former youth resource house in Albert Street, Mornington for overflow car parking in the town centre.
- Commenced the statutory process for the installation of a satellite CFA station on Council land in Blairgowrie.

Challenges:

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

The coming year:

- Completion of the 2012 general revaluation.
- Diligent management of property portfolio.
- Provision of new and updated policies including bathing boxes, permissive occupancy and yacht clubs.
- The continuation of the Strategic Property Review to confirm that Council property holdings are not excess or inappropriate.

SUSTAINABLE ORGANISATION

Information Services

The Information Services team delivers, maintains and provides technology solutions to assist Shire staff in performing their duties.

Key Responsibilities:

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

Highlight:

This year the Shire moved to a new Content Management System (CMS) 'Objective', which aims to establish a knowledge-centred culture through an integrated approach to sharing information, conducting business online and complying with legislative requirements.

Within the year Objective was rolled-out to staff for use. It was integrated with the Shire's other operating systems including the property and rating system, customer relationship management system and migrated 1.5 million records from the previous records management system.

The new CMS enabled content from unstructured network drives to be moved to the highly disciplined structured platform and included the introduction of smart-scanning which will greatly reduce the time spent manually entering repetitious forms and surveys.

The introduction has delivered compliance with the *Public Records Act* and improved the Shire's capture and sharing of information electronically. Its implementation has cleared document backlogs, minimised the use of paper, reduced turnaround times and streamlined processes within our teams.

In the coming year, we expect to deliver migration of 500,000 closed-cases from our customer relationship management system and 300,000 documents from the property and rating system to Objective as well as installing the latest version of the software which has major improvements in searching and management of images.

Other achievements for the year included:

- Upgraded server and storage hardware in readiness for a significant increase in the number of electronic documents to be stored in accordance with *Public Records Act*
- Replacement of the ageing Microsoft Exchange 2003 email system with the latest version: Microsoft Exchange 2010. Enhanced functionality includes much wider and more convenient distribution of emails, contacts and calendars and is accessible on smart phones and iPads.
- Optimised in-house WiFi to make it as widely accessible as possible.
- Installed a microwave communications network for the Dromana Depot and Mornington Peninsula Tourism office.
- Continued enhancing the Shire's Geographic Information System (GIS).
- The Statutory Planning and Environment Protection teams participated in a Mobility Solutions trial to see if they can increase productivity by dealing with inspections directly in the field.

Challenges:

- Managing the competing priorities of the ongoing rollout of Objective and other equally important programs.
- Finding the best time to upgrade to the new, feature-rich Windows operating system and office automation software for all users during 2010-2011.

The coming year:

- Three of our most significant corporate IT systems are due for upgrades in 2011-12 which will require detailed planning, resource allocation and timing as this project will have some impact on most staff.
- The Shire's ageing analogue telephone system is planned for replacement in the next year. This will involve much planning and a competitive procurement process.
- A new Video Conferencing system will be installed at each of the main three offices.
- Business Continuity and Disaster Recovery are continual programs, and we are further enhancing our technologies in those areas, including further work in providing a second IT environment at the Mornington office.
- A range of underlying IT technologies will be upgraded.
- Further work in implementing our CIS, Objective.

SUSTAINABLE ORGANISATION

Finance

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

Key Responsibilities:

- Managing the Shire's Annual Budget, Strategic Resource Plan, monthly internal financial reporting and forecast analysis for the organisation.
- Coordination of the monthly report to the community.
- Preparation of the Shire's Annual Financial Statements and Audit in accordance with the *Local Government Act* and Australian Accounting standards.
- Management of accounting services for the organisation including accounts payable, treasury and fixed asset registers.
- Payroll services for approximately 1,200 staff including management of superannuation, tax and other deductions.
- Issue and collection of Council Rates and Sundry Debtors.

Highlights:

- The Auditor General has reported the Shire's financial stability, by independent assessment, as 'low risk', the best outcome a Council can achieve.
- After accommodating a number of service enhancements and other necessary adjustments, the 2010/11 financial result is beyond expectations.
- The Shire is the sixth lowest-rating Council in Victoria on the basis of 'average rates and charges'.
- The Chief Executive has sought to visit many resident and ratepayer groups and service clubs to explain the Shire budget and the broader Shire financial position. This has informed many residents and ratepayers than through more traditional briefing processes.

Other achievements for the year included:

- Management and development of the 2011/12 Annual Budget. Council strives to understand community needs, expectations and priorities and provide for them through the budget. The budget seeks to source external funding, utilise community partnerships, optimise value and make judgements about affordability. The Shire budget contains much more information than other Shire budgets, hopefully assisting readers to understand the Shire's financial direction.
- The 2009-10 Financial Reports and Standard Statements were approved by the Auditor General without qualification. The 2010-11 Financial Reports, consisting of financial statements and notes to the financial statements (included in this annual report) were completed within legislative requirements and timeframes. The Financial Reports are required to comply with Australian Accounting Standards and other mandatory professional reporting requirements. The Standard Statements are required under the *Local Government Act* and differ from Financial Statements in that they compare actual results with budget details, in the standard format. This allows an informative comparison of performance against initial budget proposals, assisted by calculations of variances and scope for explanation of variations where material.
- The development of a ten-year financial plan for the Shire has progressed. Council has adopted a number of Key Financial Risk Indicators which are used to assess the

Shire's ongoing financial sustainability. The ten-year financial plan will be formally considered when Council next reviews its Strategic Resources Plan and Shire Strategic Plan.

- The Strategic Resources Plan was updated for the remaining balance of its timeframe for the consequential effects of the 2011-12 budget.

Challenges:

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

The coming year:

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

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

	Males	Females	Total
Chief Executive Office	1	1	2
Internal Auditor	1	-	1
Corporate Planning & Projects	-	6	6
Communications	1	4	5
Team Support & Development	4	14	18
Sustainable Communities Directorate	1	1	2
Aged & Disability Services	25	240	265
Child, Youth & Family Services	6	75	81
Libraries, Arts & Culture	5	56	61
Recreation & Leisure	22	69	91
Social Planning & Community Development	2	10	12
Sustainable Environment Directorate	1	1	2
Economic Development	2	13	15
Strategic Planning	7	7	14
Environment Protection	54	85	139
Statutory Planning	23	35	58
Sustainable Infrastructure Directorate	1	2	3
Infrastructure Maintenance	23	10	33
Infrastructure Strategy	15	5	20
Infrastructure Project Management	23	4	27
Renewable Resources	5	10	15
Sustainable Organisation Directorate	1	2	3
Finance	5	24	29
Information Services	13	15	28
Governance & Corporate Support	11	38	49
Property & Valuations	8	9	17
TOTAL	260	736	996

** figures do not include casual employee*

Audit Committee

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

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

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

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

At 1 July 2010, the Audit Committee members were:

- The Chairperson – Mr David Osborne
- Cr Tim Rodgers
- Cr Frank Martin
- Mr Barry Peach
- Mr Kevin Irons

The Independent members of the Audit Committee were paid a retainer of \$4,500 per annum for their services. The Chairperson was paid an additional \$1,200 per annum for that role.

Council extended the term of the existing Audit Committee members to 31 October, 2010.

Mr David Osborne was appointed as an independent member of the Audit Committee in the role of Chairperson on 20 December, 2010, with the remaining two independent members Ms Andrea Hassett and Mr Geoff Hilton, appointed by Council at its meeting on 31 January, 2011.

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

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

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

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

Internal Audit

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

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

All internal reports are presented to the Audit Committee.

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

Documents for Inspection

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

- Details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under Section 74 or 74A of the Act.
- Details of Senior Officers' total annual remuneration packages for the current financial year and the previous year set out in a list that states (i) ranges of remuneration of senior officers, where the difference between the lower amount and the higher amount in each range must not exceed \$10,000; and (ii) the number of senior officers whose total annual remuneration falls within the ranges referred to in subparagraph (i).
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost to the Council of the overseas or interstate travel, including accommodation costs.
 - Names of Council Officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
 - Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted.
 - Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under Section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
 - A list of all special committees established by Council and the purpose for which each committee was established.
 - A list of all special committees established by the Council which were abolished or ceased to function during the financial year.
 - Minutes of meetings of special committees established under Section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
 - A register of delegations kept under Sections 87, 88 and 98 of the Act, including the date on which the last review under section 87, 88, and 98 of the Act took place.
 - Submissions received in accordance with Section 223 of the Act during the previous 12 months.
 - Agreements to establish regional libraries under Section 196 of the Act.
 - Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease.
 - A register of authorised officers appointed under Section 224 of the Act.
 - A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant.
 - A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council.
 - A list of contracts valued at \$100,000 (or such a higher amounts as fixed from time to time under Section 186(1) of the Act) or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in Section 186(5) of the Act.

Whistleblowers Protection Act

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

Role of a whistleblower

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

Who can be a whistleblower

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

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

The disclosure must be about behaviour that is:

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

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

To whom must a protected disclosure be made

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

Statement of support to whistleblowers

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

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

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

Further information on the Whistleblowers Protection Act

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

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

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

Whistleblowers Protection Act reporting

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

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

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

investigate disclosed matters.	
The number and types of disclosed matters that the public body has declined to investigate during the year.	Nil.
The number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation.	Nil.
Any recommendations of the Ombudsman under this Act that relate to the public body.	Nil.

Local Government Indicators

Number	Category	Indicators	Result	Indicator Definitions
1	Overall performance	Community satisfaction rating for overall performance generally of the council	62	Council result from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria.
2	Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	62	Council result from Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria.
3	Engagement	Community satisfaction rating for Council's engagement in decision making on key local issues	60	Council results from the Annual Community Satisfaction Survey for Local Governments, coordinated by Local Government Victoria.
4	All rates	Average rates and charges per assessment	\$1,110	Rates and charges declared are being receivable, in calculations for the adopted rates, at the beginning of the year, including: <ul style="list-style-type: none"> • general rates and charges declared under ss. 160, 161, 161A of the <i>Local Government Act 1989</i> • municipal charges and service rates and charges (that is, garbage services) levied under ss. 159, 162 respectively • supplementary rates declared, <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).
5	Residential rates	Average residential rates and charges per assessment	\$1,092	Rates and charges declared for all residential assessments (including vacant residential assessments) as defined in "All rates", except for residential assessment only <i>divided</i> by the number of residential assessments used in calculation of the adopted rate (that is, when the rate was struck).
6	Operating costs	Average operating expenditure per assessment	\$1,693	Total expenses per the Income Statement (previously known as the statement of financial performance) plus net gain (loss) on disposal of property, plant and equipment infrastructure <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).

7	Capital expenditure	Average capital expenditure per assessment	\$256	<p>Amount of council's expenditure capitalised to the Balance Sheet (previously known as the statement of financial position) and contributions by a local government to major assets not owned by the local government, including expenditure on:</p> <ul style="list-style-type: none"> • capital renewal of existing assets which returns the service potential or the life of the asset up to that which it had originally • capital expansion which extends an existing asset at the same standard as currently enjoyed by residents to a new group of users • capital upgrade which 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 <p><i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).</p>
8	Infrastructure	Renewal	72%	<p>Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which is had originally to the AAAC totalled for each and every infrastructure asset to give one ratio.</p>
9	Infrastructure	Renewal and maintenance	85%	<p>Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which it had originally plus current spending on maintenance:</p> <ul style="list-style-type: none"> • to AAAC plus all anticipated planned and unplanned maintenance (that is, the expected level of maintenance which was used in the calculation of the useful life of the asset) • totalled for each and every infrastructure asset to give one ratio. <p>The Average Annual Asset Consumption (AAAC) is the amount of a local government's asset base consumed during a year. It is based on the current replacement cost 'as new' <i>divided</i> by useful life.</p>

10	Debts	Average liabilities per assessment	\$709	Total liabilities as per Balance Sheet (previously known as the statement of financial position) less items held in trust (reflected in assets also held), divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).
11	Operating result	Operating result per assessment	\$94	Surplus (deficit) for the period per the Income Statement (previously known as the Bottom line per statement of financial performance) divided by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). A note should be provided to this indicator explaining any major factors including their dollar amount, which have contributed to the result. For example, capital grants, developers contributions, revaluations of non current assets and what the result would be excluding these major factors.

Financial Reports

for the year ended
30 June 2011

Contents

Financial Statements	84	Note 26	Liabilities - Payables	115
Understanding Our Financial Report	85	Note 27	Liabilities – Trust Funds and Deposits	115
Financial Statements		Note 28	Liabilities – Interest Bearing Liabilities	116
Comprehensive Income Statement	88	Note 28a	Liabilities – Finance Leases	116
Balance Sheet	89	Note 28b	Liabilities – Borrowings	117
Statement of Changes in Equity	90	Note 28c	Liabilities – Unfunded Defined Superannuation	118
Cash Flow Statement	91	Note 29	Liabilities – Provisions	119
Notes to Financial Statements		Note 30	Reserve Movements	120
Introduction	92	Note 31	Reconciliation of Net Result from Operations to Net Cash Inflow/(Outflow) from Operating Activities	121
Note 1 Summary of Significant Accounting Policies	93	Note 32	Reconciliation of Cash and Cash Equivalents	121
Note 2 Rates and Charges	99	Note 33	Commitments For Expenditure	122
Note 3 Statutory Fees and Fines	99	Note 34	Operating Leases	123
Note 4 User Charges	100	Note 35a	Superannuation: Local Authorities Superannuation Fund	124
Note 5 Contributions	100	Note 35b	Superannuation: Fund of Choice	125
Note 6 Interest	101	Note 36a	Revenue and Expenses by Function/activities	126
Note 7 Grants Received	101	Note 36b	Assets Attributed to Functions	127
Note 8 Assets Written Off	103	Note 37	Related Party Transactions	129
Note 9 Net Gain/(Loss) On Sales of Assets	103	Note 38	Contingent Liabilities and Assets	131
Note 10 Revaluation of Non-Current Assets	104	Note 39	Financial Instruments	132
Note 11a Employee Costs	105	Note 40	Financial Ratios (Performance Indicators)	140
Note 11b Unfunded Superannuation – additional call	105	Statement by Councillors and Principal Accounting Officer		143
Note 12 Materials and Contracts	105	Victorian Auditor –Generals Office Independent Audit Report		144
Note 13 Depreciation and Amortisation	106	Standard Statements		146
Note 14 Finance Costs	107	Note to the Standard Statements		147
Note 15 Other Expenses	107	Standard Statement of Financial Performance		149
Note 16 Cash and Cash Equivalents	108	Standard Statement of Financial Position		150
Note 17 Other Financial Assets	108	Standard Statement of Cash Flows		152
Note 18 Receivables	109	Standard Statement of Capital Works		154
Note 19 Other Assets	109	Statement by Councillors and Principal Accounting Officer		156
Note 20 Assets held for sale	109	Performance Statement		157
Note 21 Property	110	Council Approval of the Performance Statement		161
Note 22 Plant, Furniture and Equipment	111	Victorian Auditor –Generals Office Independent Audit Report		162
Note 23 Infrastructure Assets	112			
Note 24 Movement In the Carrying Amount of Non-Current Assets	113			
Note 25 Intangible Assets	115			

Financial Statements

for the year ended
30 June 2011

Understanding Our Financial Statements

The Financial Statement is one of Council's key reports to the community. It shows how Council performed financially during the 2010-11 financial year and the overall position at the end of the financial year (30 June 2011). Council's Financial Statement is presented in accordance with the Australian Equivalents to International Financial Reporting Standards, and therefore particular terms required by the Standards may not be familiar to some readers. Additionally, as Council is a 'not for profit' organisation, some of the generally recognised terms used in private sector company reports are not appropriate to Council's reports. Council is committed to accountability, and it is in this context that this simple guide has been developed to assist readers understand and analyse the financial report.

What is contained in the Annual Financial Statement?

Council's financial statement has two main sections: the Statement and the Notes. There are four Statements and 40 Notes. These are prepared by Council staff, examined by Council's Audit Committee, Council and then audited by the Victorian Auditor-General.

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

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

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

Comprehensive Income Statement

The Comprehensive Income Statement shows:

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

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

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

Balance Sheet

This is possibly the most important of the financial statements. This one page summary is a snapshot of Council's financial situation as at 30 June 2011. It shows what the Council owns as assets and what it owes as liabilities. The bottom line of this Statement is Net Assets. This is the net worth of Council, which has been built up over many years. The assets and liabilities are separated into current and non-current. Current means those assets or liabilities, which will fall due in the next 12 months. The components of the Balance Sheet are described below.

Current and Non Current Assets

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

Current and Non Current Liabilities

- Payables are monies owed to creditors by Council as at 30 June 2011.
- Trust Funds represent monies held in by Council in trust for others.
- Employee Benefits is the accounting term for accrued annual leave and long service leave entitlements.
- Interest-Bearing Liabilities represent the loan borrowings, financial leases and unfunded superannuation held by Council.

Net Assets

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June 2011. The Net Assets of Council is also synonymous with the total Equity of Council.

Equity

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

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

Statement of Changes in Equity

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

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

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

Cash Flow Statement

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

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

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

1. Cash Flows from Operating Activities:

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

2. Cash Flows from Investing Activities:

The accounting term Investing Activities relates to assets such as new capital, plant and other long term revenue - producing assets. This part of the statement includes all payments associated with the creation of assets and proceeds associated with the sale of assets.

3. Cash Flows from Financing Activities:

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

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

Notes to the Financial Report

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

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

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

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

Statement by Principal Accounting Officer and Councillors

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

Auditor General's Report

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

Comprehensive Income Statement For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Income Statement			
Rates and Charges	2	104,627	97,127
Statutory Fees and Fines	3	3,779	3,689
User Fees	4	26,483	20,721
Contributions - cash	5	3,001	5,206
Contributed Assets	5	3,903	12,789
Interest	6	2,006	1,424
Grants - recurrent	7	19,098	19,025
Grants - non - recurrent	7	4,777	6,325
Total Income		167,674	166,306
Expenses			
Employee Costs	11a	54,510	50,755
Unfunded Superannuation	11b	2,120	-
Materials and Contracts	12	74,358	62,275
Depreciation and Amortisation	13	20,456	20,464
Finance Costs	14	2,635	2,918
Other Expenses	15	3,702	3,992
Assets Written Off	8	1,654	3,313
Total Expenses		159,435	143,717
Net Gain/(Loss) on Sale/Disposal of Assets	9	548	124
Surplus/(deficit)		8,787	22,713
Other comprehensive income			
Net asset revaluation increment(decrement) reversals		(1,221)	75,712
Comprehensive result		7,566	98,425

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

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

Balance Sheet

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Current Assets			
Cash and Cash Equivalents	16	32,362	24,871
Receivables	18	9,899	11,071
Other	19	1,279	1,312
Assets held for sale	20	5,160	3,068
Total Current Assets		48,700	40,322
Non-Current Assets			
Other Financial Assets	17	8	8
Receivables	18	887	349
Property	21	802,993	801,768
Plant, Furniture and Equipment	22	7,653	7,767
Infrastructure	23	916,358	915,613
Intangibles	25	1,099	1,159
Total Non-Current Assets		1,728,998	1,726,664
Total Assets		1,777,698	1,766,986
Current Liabilities			
Payables	26	10,703	7,323
Trust Funds and Deposits	27	3,358	5,828
Interest-Bearing Liabilities	28	4,902	3,980
Provisions	29	10,904	10,187
Total Current Liabilities		29,867	27,318
Non-Current Liabilities			
Interest-Bearing Liabilities	28	37,323	37,043
Provisions	29	2,699	2,382
Total Non-Current Liabilities		40,022	39,425
Total Liabilities		69,889	66,743
Net Assets		1,707,809	1,700,243
Equity			
Accumulated Surplus		852,116	843,505
Reserves	30	855,693	856,738
Total Equity		1,707,809	1,700,243
Contingent Liabilities	38		
Commitments for Expenditure	33		

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

Statement of Changes in Equity For the Year Ended 30 June 2011

	Note	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	Total \$'000
2010					
Balance as at 1 July 2009		820,644	778,982	1,046	1,600,672
Correction to Non-Current Assets	(a)	(8,594)	-	-	(8,594)
Recognition of previously unrecognised non-current assets	(b)	9,740	-	-	9,740
Restated balance at the beginning of the financial year		821,790	778,982	1,046	1,601,818
Increment / (decrement) on revaluation of Non-current Assets	30	-	75,712	-	75,712
Transfers to/(from) Reserves:					
- Sustainable Energy Fund	30	-	-	-	-
- Recreation Land Reserve	30	(1,500)	-	1,500	-
- Sustainable Energy Fund	30	132	-	(132)	-
- Recreation Land Reserve	30	370	-	(370)	-
Net result from Operations		22,713	-	-	22,713
Balance as at 30 June 2010		843,505	854,694	2,044	1,700,243
2011					
Balance as at 1 July 2010		843,505	854,694	2,044	1,700,243
Increment / (decrement) on revaluation of Non-current Assets	30	-	(1,221)	-	(1,221)
Transfers to/(from) Reserves:					
- Sustainable Energy Fund	30	-	-	-	-
- Recreation Land Reserve	30	-	-	-	-
- Sustainable Energy Fund	30	168	-	(168)	-
- Recreation Land Reserve	30	56	-	(56)	-
- Municipal Emergency Reserve	30	(400)	-	400	-
Net result from Operations		8,787	-	-	8,787
Balance as at 30 June 2011		852,116	853,473	2,220	1,707,809

- (a) De-recognition of Assets not owned or controlled by Council
(b) Inclusion of Land, Building & Road assets prior to 1st July 2010

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

Cash Flow Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Cash Flows from Operating Activities			
<i>Receipts (inclusive of GST, wherever applicable)</i>			
General Rates		103,259	96,993
User Charges		33,966	25,397
Cash Contributions		3,001	5,207
Government Grants		24,986	23,860
Interest		1,936	1,435
Net GST Refund		7,115	6,660
<i>Payments (inclusive of GST, wherever applicable)</i>			
Employee Costs		(53,809)	(49,577)
Materials and Contracts		(80,846)	(73,092)
Other Expenses		(3,714)	(4,108)
Net Cash Inflows / (Outflows) from Operating Activities	31	35,894	32,775
Cash Flows from Investing Activities			
<i>Payments for</i>			
Land and Buildings		(8,024)	(4,349)
Infrastructure Assets		(13,620)	(19,776)
Plant, Furniture and Equipment		(1,760)	(2,667)
<i>Proceeds from</i>			
Sale of Land and Buildings		1,159	297
Sale of Plant, Furniture and Equipment		16	21
Sundry Receivables		(41)	-
Net Cash Inflows / (Outflows) from Investing Activities		(22,270)	(26,474)
Cash Flows from Financing Activities			
Finance Costs		(2,744)	(2,942)
Proceeds from Borrowings		3,000	-
Repayment of Borrowings		(3,505)	(3,341)
Repayment of Finance Leases		(414)	(432)
Trust Funds and Deposits		(2,470)	(679)
Net Cash Inflows / (Outflows) from Financing Activities		(6,133)	(7,394)
Net Increase / (Decrease) in Cash Held		7,491	(1,093)
Cash and cash equivalents at the beginning of the Financial Year		24,871	25,964
Cash and cash equivalents at the end of the Financial Year	31	32,362	24,871
Financial Arrangements	28b		
Restriction on cash assets	16		

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Report

Introduction

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

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

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

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

External Auditor – Victorian Auditor - General's Office

Internal Auditor – Henry Lewis, Mornington Peninsula Shire

Solicitors – Maddocks, Norton Rose Australia and others

Bankers – National Australia Bank

Website address – www.mornpen.vic.gov.au

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

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

Note 1 Summary of Significant Accounting Policies

(a) Basis of accounting:

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

All accounting policies, unless otherwise stated, 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.

Council controls 3 Committees of Management whose operating results have not been included in the accounts on the basis that they are not material individually or in aggregate. Non-current assets in the custody of the Committees of Management are included in the accounts.

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

(b) Change in accounting policies

There have been no changes to accounting policies.

(c) Revenue recognition:

Rates, grants and contributions

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

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.

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

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

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

User charges and fees

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

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

Sale of property, infrastructure, plant and equipment

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

Interest

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

Dividends

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

(d) Depreciation and amortisation of non-current assets

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

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

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

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

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

(e) Recognition and measurement of assets

Acquisition

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

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

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

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

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

Revaluation

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

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

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 (two) to 3 (three) years. The valuation is performed either by appropriately qualified council officers or independent experts.

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

Land was revalued to market value at 30 June 2010. Buildings were revalued at current replacement cost less accumulated depreciation as at 30 June 2010, allowing for age and condition of the asset.

Following a fair value assessment, Infrastructure Roads, Infrastructure Drainage and Infrastructure Other assets were revalued to their current cost less accumulated depreciation as at 30 June 2011, allowing for age and condition of the asset.

f) Repairs and maintenance

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

(g) Finance costs

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

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

(h) Cash and cash equivalents

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

(i) Other Financial Assets

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

(j) Investments

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

(k) Inventories

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

l) Tender deposits

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

(m) Employee Entitlements

Wages and Salaries

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

Annual and Long Service Leave

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

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

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

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

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees and past employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference

between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 17.65 %.

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

Sick Leave

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

(n) Leases

Finance leases

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

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

Operating leases

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

(o) Goods and Services Tax (GST)

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

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

(p) Impairment of assets

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

(q) Land identified for sale

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

(r) Rates Receivable

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

(s) Prior year non-current asset adjustment

Prior year non-current adjustments have been recognised directly in the changes to the equity statement, including infrastructure assets recognised/de-recognised prior to 1st July 2010. Both the 2010 Balance Sheet and notes have been adjusted for the new balances for the various class of assets.

(t) Rounding

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

(u) Pending Accounting Standards

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 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
AASB 124: Related Party Disclosures 2]	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.

2011	2010
\$'000	\$'000

Note 2 Rates and charges

General	83,050	76,510
Commercial	4,413	4,502
Industrial	1,386	1,363
MP Agricultural rate	1,663	1,699
Cultural and Recreation	120	113
Municipal Charge	13,135	12,117
Supplementary Valuations	860	823
Total rates and charges	104,627	97,127

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

The valuation base used to calculate general rates for 2010/2011 was \$50,042 billion (2009/2010:45,304 billion). The 2010/2011 rate in the \$ on CIV was 0.0018883 for rateable Residential properties (2009/2010:0.0019702).

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

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

Note 3 Statutory fees and fines

Infringements	850	854
Planning	1,294	1,224
Land Information Certificates	157	185
Permits and Licences	1,214	1,195
Other	264	231
Total statutory fees and fines	3,779	3,689

	2011	2010
	\$'000	\$'000
Note 4 User Fees		
Strategic Planning	25	26
Statutory Planning	286	267
Environment Protection	907	879
Economic Development	1,125	839
Infrastructure Strategy	1,825	20
Infrastructure Maintenance	279	232
Infrastructure Project Management	769	386
Renewable Resources	7,295	4,900
Child Youth and Family Care	773	866
Aged and Disability Services	1,261	1,277
Recreation and Leisure	6,649	5,927
Libraries Arts and Culture	380	374
Director Sustainable Communities	23	13
Governance and Corporate Support	968	875
Property and Valuation	2,280	2,236
Information Services	15	14
Finance	1,453	1,416
Internal Audit	-	15
Team Support and Development	170	159
Total user fees	26,483	20,721

Note 5 Contributions

Cash Contributions	3,001	5,206
In-kind Contributions (Land)	761	294
In-kind Contributions (Infrastructure)	3,086	12,328
In-kind Contributions (Land Under Roads)	56	167
Total contributions	6,904	17,995

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

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

2011	2010
\$'000	\$'000

Note 6 Interest

Investments	1,576	1,090
Rates	469	403
Special Charges Schemes	(39)	(69)
Total interest	2,006	1,424

Note 7 Grants Received

Capital		
Roads	3,515	3,064
Other	1,262	3,261
Total capital	4,777	6,325
Recurrent		
Victorian Grants Commission	5,669	5,003
Strategic Planning	58	349
Statutory Planning	23	3
Environment Protection	273	206
Economic Development	226	124
Infrastructure Strategy	140	420
Infrastructure Maintenance	1,057	376
Renewable Resources	33	-
Child Youth and Family Care	3,228	4,310
Aged and Disability Services	6,702	6,340
Recreation and Leisure	37	102
Libraries Arts and Culture	941	932
Director Sustainable Communities	672	842
Team Support and Development	1	18
The CEO's Office	38	-
Total recurrent	19,098	19,025
Total Grants	23,875	25,350

	2011	2010
	\$'000	\$'000
Grants recognised as revenues during the year in respect of which expenditure in a manner specified by the grantor had yet to be made at balance date are made up of:	3,245	4,257
Capital Grants:		
Other	268	2,551
Roads	1,351	0
Total capital	1,619	2,551
Strategic Planning	20	335
Infrastructure Strategy	5	100
Infrastructure Maintenance	117	-
Director Sustainable Communities	223	172
Child Youth and Family Care	1,106	1,012
Aged and Disability Services	79	-
Recreation and Leisure	62	87
Corporate Planning and Projects	14	-
Total recurrent	1,626	1,706

2011	2010
------	------

\$'000	\$'000
--------	--------

Note 8 Assets Written Off

Infrastructure assets written off	1,654	3,313
--	--------------	--------------

Note: Abandonment of road assets following reconstruction of roads.

Note 9 Net Gain/(Loss) on Sale of Assets

Total Proceeds from Sale / Disposal of Assets		
Proceeds from sale/disposal	1,185	338
Less: Carrying amount	(637)	(214)
Net Gain/(Loss) on Sale/Disposal	548	124

Plant and Equipment

Proceeds from sale	16	21
Less: Carrying amount	(8)	(29)
Net Gain/(Loss) on Sale	8	(8)

Land and Buildings

Proceeds from sale	1,169	317
Less: Carrying amount & ancillary costs	(629)	(185)
Net Gain/(Loss) on Sale	540	132

Note 10 Revaluation of Non-Current Assets

Land was revalued to its market value as at 30 June 2010. The valuations were determined by an officer of the Mornington Peninsula Shire, David Corrigan, API, who is a registered Valuer.

Buildings were revalued to their current replacement cost less accumulated depreciation as at 30 June 2010. The valuations were determined by an officer of the Mornington Peninsula Shire, David Corrigan, API, who is a registered Valuer.

Infrastructure Assets - Roads: The carrying values have been reassessed as at 30th June 2011 to ensure that they approximate to their fair value. The reassessments were determined by an officer of the Mornington Peninsula Shire, Alex Atkins, Diploma Civil Engineering, Diploma Applied Science (Town Planning), Bachelor of Business, Graduate Diploma in Local Government Management and Master of Business Administration, Member Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Infrastructure Assets - Drains: The carrying values have been reassessed as at 30th June 2011 to ensure that they approximate to their fair value. The reassessments were determined by an officer of the Mornington Peninsula Shire, Alex Atkins, Diploma Civil Engineering, Diploma Applied Science (Town Planning), Bachelor of Business, Graduate Diploma in Local Government Management and Master of Business Administration, Member Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Infrastructure Assets - Other: The carrying values have been reassessed as at 30th June 2011 to ensure that they approximate to their fair value. The reassessments were determined by an officer of the Mornington Peninsula Shire, Alex Atkins, Diploma Civil Engineering, Diploma Applied Science (Town Planning), Bachelor of Business, Graduate Diploma in Local Government Management and Master of Business Administration, Member Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Refer to note 30 for the impact of revaluation/reassessment of fair value for the year 2010/11.

	2011	2010
	\$'000	\$'000
Note 11a Employee Costs		
Total Employee Costs	55,998	52,057
Less: Capitalised Employee Costs	(1,488)	(1,302)
Operating Employee Costs	54,510	50,755
Wages and Salaries	43,322	40,275
Redundancy Costs - Wages and Salaries	78	-
Superannuation	4,233	3,951
Fringe Benefit Tax	394	397
Workcover	1,279	1,107
Annual and Long Service Leave Expenses	5,204	5,025
Total employee costs	54,510	50,755
Full-Time Equivalent (FTE) number of employees as at 30th June (excludes casual employees)		
	681	667

Note 11b Unfunded Superannuation - additional call

Liability	1,802	-
Tax	318	-
Total Unfunded Superannuation	2,120	-

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

Note 12 Materials and Services

Contracts	62,620	52,975
Materials	8,584	6,072
Utilities and Street Lighting	3,154	3,228
Total materials and contracts	74,358	62,275

2011

2010

\$'000

\$'000

Note 13 Depreciation and Amortisation**Depreciation**

Infrastructure Roads	8,009	7,904
Infrastructure Drainage	4,132	4,087
Infrastructure Other	2,639	2,864
Buildings	3,681	3,632
Plant and Equipment	135	168
Furniture and Fittings	186	161
Library Collections	983	933
Information Technology Equipment	7	14
Total depreciation	19,772	19,763

Amortisation

Landfill cells	215	215
Bins (leased)	386	386
Information Technology Equipment (leased)	-	47
Information Technology Intangible (software)	83	53
Total amortisation	684	701
Total depreciation and amortisation	20,456	20,464

2011	2010
\$'000	\$'000

Note 14 Finance Costs

Loans	2,508	2,758
Leases	127	160
Total finance costs	2,635	2,918

Note 15 Other Expenses

External Audit Remuneration - Victorian Auditor Generals Office	75	73
Other external audits	1	13
Contributions, Donations and Grants Paid	1,233	1,304
Conferences and Seminars	145	131
Councillors' Allowances	249	245
Family Day Care Fee Relief paid (offset by income)	647	882
Insurance Excess and Small Claims	153	167
Property Rental expenses	150	133
Indirect Recruitment Costs (recruitment, staff training and uniforms)	483	456
Other	566	588
Total other costs	3,702	3,992

2011	2010
\$'000	\$'000

Note 16 Cash and Cash Equivalents

Cash

Cash on Hand	17	16
Cash at Bank	860	1,364
Term Deposits	31,485	23,491
Total cash	32,362	24,871

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

-Long service leave obligations as prescribed by the Local Govt Act	6,477	6,014
-Hillview Quarries Restoration Agreement	477	477
-Trust funds and deposits (note 27)	4,710	4,473
-Reserves (note 30)	2,220	2,044

Total Restricted Funds	13,884	13,008
Total Unrestricted Funds and cash equivalents	18,478	11,863

Note 17 Other Financial Assets

Investments - Non Current

Unlisted shares at cost	8	8
--------------------------------	----------	----------

Shares are held in MAPS Group Ltd and Rye and Dromana Community Financial Services Ltd.

	2011	2010
	\$'000	\$'000
Note 18 Receivables		
Current		
Rates Receivable	3,272	2,784
Special Charge Schemes	350	399
Fines and Infringements	862	827
Less: Provision for Doubtful Debts	(701)	(678)
Other Receivables	6,126	7,743
Less: Provision for Doubtful Debts	(10)	(4)
Total current receivables	9,899	11,071
Non Current		
Special Charge Schemes	887	349
Total non current receivables	887	349
Total receivables	10,786	11,420

Note 19 Other Assets

Inventories	194	199
Accrued Income	640	755
Prepayments	445	358
Total other assets	1,279	1,312

Note 20 Assets Held for Sale

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

Total assets held for sale	5,160	3,068
-----------------------------------	--------------	--------------

Refer Note 1(q) for basis of measurement

	2011	2010
	\$'000	\$'000
Note 21 Property		
Land	676,189	677,927
Land Under Roads	428	372
Land Held for Sale	3,669	3,669
Buildings	122,707	119,800
Property Summary	802,993	801,768

Assets - Land

Land at Valuation 2010 - Controlled	114,175	114,175
Land at Valuation 2010 - Owned	562,014	563,744
Work in Progress	-	8
Total Assets - Land	676,189	677,927

Refer to Note 1(e) for valuation details

Assets - Land Under Roads

Total Land Under Roads at cost	428	372
---------------------------------------	------------	------------

Refer to Note 1(e) for valuation details

Assets - Land Held for Sale

Total Land held for sale at valuation	3,669	3,669
--	--------------	--------------

Refer to Note 1(q) for more detail

Assets - Buildings

Buildings at Valuation 2010 - Controlled	29,568	26,789
Less Accumulated Depreciation	(14,668)	(14,306)
Buildings at Valuation 2010 - Owned	200,132	200,477
Less Accumulated Depreciation	(101,332)	(98,245)
Buildings at Cost	4,476	-
Less Accumulated Depreciation	(6)	-
Work in Progress	3,246	3,580
Landfill Cell	1,721	1,720
Less Accumulated Amortisation	(430)	(215)
Total Assets - Buildings	122,707	119,800

Refer to Note 1(e) and 10 for valuation details

2011

2010

\$'000

\$'000

Note 22 Plant, Furniture and Equipment**Plant**

Plant at Cost	1,610	1,605
Less Accumulated Depreciation	(1,226)	(1,183)
Bins at Cost	302	302
Less Accumulated Depreciation	(194)	(164)
Bins Leased	3,855	3,855
Less Accumulated Amortisation	(2,624)	(2,239)
Work in Progress	25	10
Total Plant	1,748	2,186

Furniture & Equipment

Furniture & Equipment at Cost	2,315	2,023
Less Accumulated Depreciation	(1,675)	(1,500)
Work in Progress	48	93
Total Furniture & Equipment	688	616

Information Technology

Information Technology at Cost	1,068	1,158
Less Accumulated Depreciation	(1,052)	(1,149)
Work in Progress	39	7
Total Information Technology	55	16

Artworks

Total Artworks at Cost	2,383	2,313
-------------------------------	--------------	--------------

Library Collections

Library Collections at Cost	8,211	7,019
Less Accumulated Depreciation	(5,539)	(4,556)
Work in Progress	107	173
Total Library Collections	2,779	2,636
Total Plant, Furniture & Equipment	7,653	7,767

Refer to Note 1(e) and 10 for valuation details

2011	2010
\$'000	\$'000

Note 23 Infrastructure Assets

Infrastructure at Cost	-	18,930
Less Accumulated Depreciation	-	(197)
Infrastructure at Valuation 2010	-	1,249,495
Infrastructure at Valuation 2011	1,284,359	-
Less Accumulated Depreciation	(372,823)	(357,615)
Work in Progress	4,822	5,002
Total Infrastructure Assets	916,358	915,615

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

Note 23a Infrastructure Assets - Roads

Construction Works at Cost	-	14,889
Less Accumulated Depreciation	-	(112)
Infrastructure - Roads at Valuation 2010	-	704,131
Infrastructure - Roads at Valuation 2011	728,688	-
Less Accumulated Depreciation	(194,147)	(181,309)
Total Infrastructure Assets - Roads	534,541	537,599

Note 23b Infrastructure Assets - Drains

Construction Works at Cost	-	988
Less Accumulated Depreciation	-	(5)
Infrastructure - Drains at Valuation 2010	-	419,051
Infrastructure - Drains at Valuation 2011	423,653	-
Less Accumulated Depreciation	(112,528)	(109,165)
Total Infrastructure Assets - Drains	311,125	310,869

Note 23c Infrastructure Assets - Other

Construction Works at Cost	-	3,053
Less Accumulated Depreciation	-	(80)
Infrastructure - Other at Valuation 2010	-	126,313
Infrastructure - Other at Valuation 2011	132,018	-
Less Accumulated Depreciation	(66,148)	(67,141)
Total Infrastructure Assets - Other	65,870	62,145

Note 23d Infrastructure Assets - Work in Progress

Total Construction Works at Cost	4,822	5,002
---	--------------	--------------

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

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

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

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Additions/ Contributions	Transfers	Transfer to/from WIP	Other	Balance at end of financial year
2010	\$'000	\$'000	(note 30) \$'000	(note 13) \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land										
Land	610,300	-	67,326	-	(2)	294	-	-	-	677,918
Land Under Roads	205	-	-	-	-	167	-	-	-	372
Assets Held for Sale	3,765	-	(96)	-	-	-	-	-	-	3,669
Work in Progress	15	-	-	-	-	-	-	(7)	-	8
Total Land	614,285	-	67,230	-	(2)	461	-	(7)	-	681,967
Buildings										
Buildings	119,995	3,042	(3,056)	(3,847)	(35)	-	(36)	-	158	116,221
Work in Progress	1,533	-	-	-	-	-	2,046	-	-	3,579
Total Buildings	121,528	3,042	(3,056)	(3,847)	(35)	-	2,010	-	158	119,800
Total Property	735,813	3,042	64,174	(3,847)	(37)	461	2,010	(7)	158	801,767
Plant, Furniture and Equipment										
Plant	2,642	114	-	(554)	(29)	-	-	-	2	2,175
Furniture and Equipment	448	218	15	(160)	-	-	-	-	3	524
Information Technology	62	7	-	(62)	-	-	-	-	1	8
Artworks	2,313	-	-	-	-	-	-	-	-	2,313
Library Collections	2,484	912	-	(933)	-	-	-	-	-	2,463
Work in Progress	916	-	-	-	-	-	-	(632)	-	284
Total Plant, Furniture and Equipment	8,865	1,251	15	(1,709)	(29)	-	-	(632)	6	7,767
Infrastructure										
Roads	521,501	14,889	2,349	(7,906)	(3,915)	9,616	-	-	1,065	537,599
Drains	305,934	988	8,065	(4,090)	(3,752)	2,626	-	-	1,098	310,869
Other Structures	58,367	3,053	280	(2,863)	(145)	86	36	-	3,332	62,146
Work in Progress	3,315	-	-	-	-	-	-	1,686	-	5,001
Total infrastructure	889,117	18,930	10,694	(14,859)	(7,812)	12,328	36	1,686	5,495	915,615
Total Land & Buildings, Plant and Equipment, Infrastructure	1,633,795	23,223	74,883	(20,415)	(7,878)	12,789	2,046	1,047	5,659	1,725,149

2011

2010

\$'000

\$'000

Note 25 Intangible Assets

Information Technology at Cost	3,522	3,499
Less Accumulated Amortisation	(2,423)	(2,340)
Total Intangible Assets	1,099	1,159

Software**Gross Carrying Amount**

Balance at the beginning of the financial year	3,499	2,307
Additions	23	1,192
Balance at the end of the financial year	3,522	3,499

Accumulated Amortisation and Impairment

Balance at the beginning of the financial year	2,340	2,287
Amortisation	83	53
Balance at the end of the financial year	2,423	2,340
Net Book Value at the end of the financial year	1,099	1,159

Note 26 Liabilities - Payables

Employee Costs	1,949	2,052
Materials and Contracts	8,060	4,468
Accruals	694	803
Total Payables	10,703	7,323

Note 27 Liabilities - Trust Funds and Deposits

Trust - General	36	2,140
Trust - Bank Guarantees	787	969
Trust - Subdivision Maintenance Deposits	1,053	885
Trust - Hillview Quarries	477	477
Trust - Rate Recoveries	444	448
Trust - Bonds/Deposits	561	908
Total Trust Funds and Deposits	3,358	5,828

	2011	2010
	\$'000	\$'000
Note 28 Liabilities - Interest Bearing Liabilities		
Current		
Finance Leases	445	414
Secured Borrowings	3,927	3,566
Unfunded Superannuation	530	-
Total Current Interest Bearing Liabilities	4,902	3,980
Non Current		
Finance Leases	1,069	1,514
Secured Borrowings	34,664	35,529
Unfunded Superannuation	1,590	-
Total Non Current Interest Bearing Liabilities	37,323	37,043
Total Interest Bearing Liabilities	42,225	41,023

Note 28a Liabilities - Finance Leases

Current		
Plant - Bins	445	414
Total Current Liabilities - Finance Leases	445	414
Non Current		
Plant - Bins	1,069	1,514
Total Non Current Liabilities - Finance Leases	1,069	1,514
Total Finance Leases	1,514	1,928

Maturity Profile

Lease commitments not later than 1 year	541	541
Lease commitments later than 1 year but not later than 5 years	1,158	1,699
	1,699	2,240
Less Lease Interest	(185)	(312)
Total Finance Leases	1,514	1,928

2011	2010
\$'000	\$'000

Note 28b Liabilities - Borrowings

Current Secured Borrowings

Bank Loans	3,927	3,566
------------	-------	-------

Non Current Secured Borrowings

Bank Loans	34,664	35,529
------------	--------	--------

Total Borrowings	38,591	39,095
-------------------------	---------------	---------------

Maturity Profile

Amount Payable no later than 12 months	3,927	3,566
Amount Payable in over 1 year but less than 2 years	4,198	3,806
Amount Payable in over 2 years but less than 3 years	4,490	4,069
Amount Payable in over 3 years but less than 4 years	4,096	4,352
Amount Payable in over 4 years but less than 5 years	3,425	3,948
Amount Payable later than 5 years	18,455	19,354
Total Borrowings	38,591	39,095

Security for Borrowings

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

Financing

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

Total Facilities

Bank Overdraft	5,000	5,000
Bank Loans	38,591	39,095
Asset Finance - Leasing	3,000	3,000
Used at Reporting Date		
Bank Overdraft	1,238	728
Bank Loans	38,591	39,095
Unused at Reporting Date		
Bank Overdraft	3,762	4,272
Asset Finance - Leasing	3,000	3,000

2011	2010
\$'000	\$'000

Note 28c Liabilities - Unfunded Defined Benefits Superannuation

Current		
Unfunded Defined Benefits	530	-
Total Current Liabilities - Unfunded Defined Benefits	530	-
Non Current		
Unfunded Defined Benefits	1,590	-
Total Non Current Liabilities - Unfunded Defined Benefits	1,590	-
Total Unfunded Defined Benefits	2,120	-
Maturity Profile		
Unfunded defined benefits commitments not later than 1 year	705	-
Unfunded defined benefits commitments later than 1 year but not later than 5 years	1,848	-
	2,553	-
Less Unfunded Defined Benefits Interest at 8.5%	433	-
Total Unfunded Defined Benefits Superannuation	2,120	-

Note 29 Liabilities Provisions

	Annual Leave	Long Service Leave	Landfill Rest'n	Native Veget'n Mgt	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
Balance at beginning of the financial year	3,577	7,668	885	439	12,569
Additional provisions	3,806	1,535	200	114	5,655
Less: Amounts used	(3,688)	(860)	-	(73)	(4,621)
Balance at the end of the financial year	3,695	8,343	1,085	480	13,603

2010

Balance at beginning of the financial year	3,419	7,150	685	418	11,672
Additional provisions	3,622	1,433	200	103	5,358
Less: Amounts used	(3,464)	(915)	-	(82)	(4,461)
Balance at the end of the financial year	3,577	7,668	885	439	12,569

2011	2010
\$'000	\$'000

Note 29 Liabilities - Provisions

Current

Native Vegetation Management	109	85
Annual Leave	3,695	3,577
Long Service Leave	7,100	6,525
Total Current Provisions	10,904	10,187

Non Current

Landfill Restoration	1,085	885
Native Vegetation Management	371	354
Long Service Leave	1,243	1,143
Total Non Current Provisions	2,699	2,382
Total Provisions	13,603	12,569

Note 30 Reserve Movements

2011	Balance		Increment (Decrement)	Balance	
	2010			2011	
	\$'000	\$'000		\$'000	\$'000
Asset Revaluation Reserve					
Plant, Furniture and Equipment Revaluation	15	25	-	40	
Land Revaluation	448,559	-	-	448,559	
Building Revaluation	42,716	-	(6)	42,710	
Roads Revaluation	136,769	-	(6,591)	130,178	
Drainage Revaluation	199,531	949	-	200,480	
Other Infrastructure Assets Revaluation	27,104	4,402	-	31,506	
Total Asset Revaluation Reserve	854,694	5,376	(6,597)	853,473	
Sustainability Energy Fund	385	-	(168)	217	
Recreation Land Reserve	1,659	-	(56)	1,603	
Municipal Emergency Fund	-	400	-	400	
Total Reserves	856,738	5,776	(6,821)	855,693	

2010	Balance		Increment (Decrement)	Balance	
	2009			2010	
	\$'000	\$'000		\$'000	\$'000
Asset Revaluation Reserve					
Plant, Furniture and Equipment Revaluation	-	15	-	15	
Land Revaluation	380,500	68,059	-	448,559	
Building Revaluation	45,772	-	(3,056)	42,716	
Roads Revaluation	134,420	2,349	-	136,769	
Drainage Revaluation	191,466	8,065	-	199,531	
Other Infrastructure Assets Revaluation	26,824	280	-	27,104	
Total Asset Revaluation Reserve	778,982	78,768	(3,056)	854,694	
Sustainability Energy Fund	517	-	(132)	385	
Recreation Land Reserve	529	1500	(370)	1,659	
Total Reserves	780,028	80,268	(3,558)	856,738	

Sustainable Energy (Fund) Reserve

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

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

Funds available as at 30th June 2011 :\$217K (\$385K in 2009/10).

Recreation Land Reserve

The purpose of this reserve is to provide for the purchase of land and/or improvements to places of recreation. Funds available as at 30th June 2011: \$1,603K (\$1,659K in 2009/10)

Municipal Emergency Fund

The purpose of this reserve is to have an ability to finance the recovery response from unplanned emergency management events. Funds available as at 30th June 2011 \$400K (nil in 2009/10)

	2011	2010
	\$'000	\$'000
Note 31 Reconciliation of Net Result from Operations To Net Cash Inflow/(Outflow) from operating activities		
Net Result From Comprehensive Result	8,787	22,713
<i>Items Not Involving Cash</i>		
Depreciation and Amortisation	20,456	20,464
Change in Provision for Doubtful Debts	28	(70)
Asset Revaluations and Adjustments	1,654	3,313
Contributions from New Subdivision	(3,903)	(12,788)
Unfunded Superannuation Liability	2,120	-
Net Loss / (Gain) on Sale of Non-Current Assets	(548)	(124)
<i>Items in Financing Activities</i>		
Finance Costs	2,636	2,918
<i>Change In Operating Assets and Liabilities</i>		
(Increase) / Decrease in Rates Receivables	(488)	(508)
(Increase) / Decrease in Other Receivables	1,145	(2,648)
(Increase) / Decrease in Other Operating Assets	34	(345)
Increase / (Decrease) in Payables	3,180	(1,224)
Increase / (Decrease) in Provisions	793	1,074
<i>Net Cash Inflows / (Outflows) from Operating Activities</i>	35,894	32,775

Note 32 Reconciliation of cash and cash equivalents

Cash and cash equivalents	32,362	24,871
Total reconciliation of cash and cash equivalents	32,362	24,871

Note 33 Commitments

The Council has entered into the following commitments

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

2010	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and	years and	years	
	\$'000	not later	not later	\$'000	\$'000
		than 2 years	than 5 years	\$'000	
Operating					
SIMS Cleansing	4,799	4,991	10,589	-	20,379
SIMS Parks and Roadsides	8,505	8,846	-	-	17,351
SIMS Furniture and Signs	2,753	2,863	-	-	5,616
SIMS Buildings	3,752	3,902	-	-	7,654
Safer Local Roads	9,515	9,896	30,873	73,793	124,077
MGB's	79	-	-	-	79
Bushland Reserves	222	222	-	-	444
Hard Waste Collection	3	-	-	-	3
Banking Services	30	-	-	-	30
Hastings Activity Structure Plan	20	-	-	-	20
Wan Infrastructure and Communication Links	87	87	-	-	174
Workers Compensation	419	-	-	-	419
Tourism Branding and Promotional Campaign	394	394	-	-	788
Low Density Residential Zone Review	16	-	-	-	16
Sorrento Mechanics Hall Stoneworks Repair	88	-	-	-	88
West Park Pedestrian Precinct	363	-	-	-	363
Total Operating	31,045	31,201	41,462	73,793	177,501
Capital					
Buildings	2,976	-	-	-	2,976
Recreation Facilities	1,547	-	-	-	1,547
Supply of Green Power Street Lighting	431	-	-	-	431
Total Capital	4,954	-	-	-	4,954

	2011	2010
	\$'000	\$'000
Note 34 Operating leases		
Operating lease commitments		
Payments under Operating Lease which form part of total expenditure	2,420	2,252
Operating Lease contracted for at the reporting date but not recognised in the financial statements as liabilities	3,809	3,351
<i>These expenditures are payable:</i>		
Not later than one year	1,977	1,934
Later than one year but not later than five years	1,832	1,417
Total Operating Leases	3,809	3,351

35a Superannuation: Local Authorities Superannuation Fund

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

LASPLAN Members

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

Defined Benefits Members

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

The Mornington Peninsula Shire Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2008.

Mornington Peninsula Shire Council makes the following contributions-

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

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Following an actuarial review conducted by the Trustee in late 2010, as at 31 December 2008, a funding shortfall of \$71 million for the Fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011 with commitment from Employers from 1 July 2011. A further actuarial review will be undertaken as at 31 December 2011 by mid 2012. Based on the result of this review, a detailed plan will be developed and implemented to achieve the target of full funding by 31 December 2013. The Mornington Peninsula Shire Council will be notified of any additional required contributions by late 2012.

Accounting Standard Disclosure

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

	31 Dec 2008
	\$'000
Net Market Value of Assets	3,630,432
Accrued Benefits	3,616,422
Difference between Assets and Accrued Benefits	<u>14,010</u>
Vested Benefits (Minimum sum which must be paid to Members when they leave the fund)	<u>3,561,588</u>

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

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

	2011	2010
	\$'000	\$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)		
-Defined Benefits	525	546
-Accumulated Fund	3,256	3,092
	<u>3,781</u>	<u>3,638</u>

35b Superannuation: Fund of Choice

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

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

Vision Super received both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9% in 2010/11 and 2009/10). 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.

During 2010/11 the Mornington Peninsula Shire Council's superannuation contributions relating to "Choice" fund members was \$421K (\$282K in 2009/10).

2011

2010

\$'000

\$'000

Note 36a Revenue and Expenses by Function/activities**Recurrent****Sustainable Environment**

Grants	517	336
Other Income	5,735	5,308
Expenses	(17,968)	(16,674)
Net Cost	(11,716)	(11,030)

Sustainable Infrastructure

Grants	860	224
Other Income	14,995	11,357
Expenses	(82,250)	(70,289)
Net Cost	(66,395)	(58,708)

Sustainable Community

Grants	11,511	11,796
Other Income	9,083	8,616
Expenses	(39,697)	(37,844)
Net Cost	(19,103)	(17,432)

Sustainable Organisation

Other Income	15,139	14,399
Expenses	(18,807)	(18,344)
Net Cost	(3,668)	(3,945)

CEO and Council

Grants	1	18
Other Income	1,516	1,301
Expenses	(5,028)	(4,276)
Net Cost	(3,511)	(2,957)

	2011	2010
	\$'000	\$'000
Note 36a Revenue and Expenses by Function/activities		
Other		
Rates	104,627	97,127
Grants Commission	5,669	5,003
Interest (Net)	(503)	(1,334)
Net Surplus	109,793	100,796
Recurrent Surplus / (Deficit)	5,400	6,724
Non - Recurrent		
Capital Grants, Special Charge Schemes and Contribution	9,625	10,726
Profit / (Loss) on sale of Assets	548	124
Unfunded Superannuation	(2,120)	-
Assets Written Off	(1,655)	(3,313)
Priority projects (Net)	(1,999)	(830)
Priority Works (Net)	(4,915)	(3,507)
Non-Recurrent Surplus / (Deficit)	(516)	3,200
Surplus / (Deficit) before Asset Revaluations,		
Adjustments and New Subdivisions	4,884	9,924
New Subdivisions	3,903	12,789
Net Result from Operations	8,787	22,713

Note 36b Assets Attributed to Functions

	Current Assets		Non-Current Assets	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Sustainable Environment	337	457	145	129
Sustainable Infrastructure	655	1,455	1,060,955	1,060,841
Sustainable Community	517	448	638,977	637,781
Sustainable Organisation	436	1,228	27,950	27,474
CEO and Council	-	-	76	82
Corporate	46,755	36,734	895	357
Total assets	48,700	40,322	1,728,998	1,726,664

For the basis of allocation it was determined that:

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

Description of Functional Areas

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

Note: Income and expenses include internal recharges.

Note 37 Related Party Transactions

a) Persons holding the position of Responsible Person for the year ended 30 June 2011 are:

Mayors

- Cr David Gibb (01/07/2010 to 06/12/2010)
- Cr Graham Pittock (07/12/2010 to 30/06/2010)

Councillors

- Cr Lynn Bowden (elected 2008 to current)
- Truemans Ward (vacant 01/07/2010 to 25/07/2010)
- Cr Antonella Celi (elected 26/07/2010 to current)
- Cr Bev Colomb (elected 2005 to current)
- Cr Leigh Eustace (elected 2008 to current)
- Cr David Gibb (elected 1997 to current)
- Cr Bill Goodrem (elected 1997 to current)
- Cr Frank Martin (elected 2008 to current)
- Cr Graham Pittock (elected 2008 to current)
- Cr Tim Rodgers (elected 2005 to current)
- Cr Anne Shaw (elected 2003 to current)
- Cr Reade Smith (elected 2000 to current)

Chief Executive Officer

- Dr Michael Kennedy OAM

b) Remuneration of Responsible Persons

Income Range	2011 Number	2010 Number
\$20,000 - \$29,999	9	9
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$310,000 - \$319,999	1	1
Total	12	12
	\$'000	\$'000
The total remuneration for the year for Responsible Persons included above	647	643

Note 37 Related Party Transactions (Cont'd)

c) **Remuneration of Senior Officers (other than the Responsible Persons):**

A Senior Officer other than a Responsible Person, is an officer of the Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$120,000, (\$120,000, 2010).

Income Range	2011 Number	2010 Number
\$110,000 - \$119,999	2	1
\$120,000 - \$129,999	2	11
\$130,000 - \$139,999	13	5
\$140,000 - \$149,999	2	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	2
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	-	-
\$220,000 - \$229,999	1	-
Total	22	22

The total remuneration for the year for Senior Officers included above, other than the Responsible Persons

\$'000	\$'000
3,237	3,069

- d) No retirement benefits were paid by the Council in connection with retirement of Responsible Persons.
- e) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the Council.
- f) Other related party transactions requiring disclosure have been considered. Office furniture to the value of \$2,250 was purchased from a Councillor's Business, and a councillor has disclosed that a company of which he is a director has provided termite inspections and reports to a total of \$285. There are no other matters to report.
- g) Remuneration includes current gross salaries, superannuation, allowances and other benefits.

Note 38 Contingent Liabilities and Assets

(a). Legal/Insurance Claims

The Council has some minor legal liability claims and legal matters outstanding at year-end in relation to insurance claims relative to its normal operating activities. The majority of the claims are covered by the insurance policy and the Council does not expect significant losses to arise.

The Council is a member of the Civic Mutual Plus Public Liability and Professional Indemnity Insurance Scheme.

Each participant in the scheme remains liable, whether it continues to be a participant of the scheme or not, to make further contributions to the scheme in respect of any insurance year during which it was a participant.

The Board of Management of the scheme will determine if and when any further contributions are necessary and will advise participants accordingly.

Further contributions will be required where the actuary of the scheme confirms that money held in the scheme to meet indemnity claims in respect of any insurance year are insufficient to meet claims made in respect of that insurance year.

(b). Bank Guarantee

The National Australia Bank has issued a guarantee on behalf of the Shire Council in favour of the Department of Sustainability and Environment in connection with Rye Landfill works. The Bank Guarantee amount as at 30th June 2011 is \$15,000 and is secured by a charge on Council rates. (2010: \$15,000).

(c). Loan Guarantee

Council resolved to act as guarantor (Council Minute 2.5, 16/05/2005) for the Mornington District Basketball Association, to secure a loan of \$650,000 from the ANZ Bank, Mornington, to build a three (3) court stadium at the Mornington Secondary College. Council has a contingent liability of \$582,288 as at 30th June 2011. (\$619,281 2010).

Council resolved to act as guarantor (Council Minute 2.4, 19/12/2006) for the Dromana Bowling Club inc., to secure a loan of \$280,000 from the Bendigo Bank – Rye, for major refurbishment of two (2) bowling greens at their Club, converting them to a synthetic surface. Council has a contingent liability of \$99,423 as at 30th June 2011, the loan is \$75K in advance of repayments, which is redrawable (\$130,883, 2010).

Council resolved to act as guarantor (Council Minute 2.1, 2/04/2007) for the Somerville Bowling Club inc., to secure a loan of \$150,000 from the Bendigo Bank – Pearcedale, for major refurbishment of two (2) bowling greens at their Club, converting them to woven carpet greens. Council has a contingent liability of \$24,774 as at 30th June 2011. (\$56,029 2010).

Council resolved to act as guarantor (Council Minute 2.6 11/10/2010) for the Balnarring Bowls and Social Club Inc, to secure a loan of \$100,000 from the Bendigo Bank – Balnarring for reconstruction of number one (1) bowling green to improve the playing surface. Council has a contingent liability of \$9,363 as at 30th June 2011 (nil 2010).

(d). Landfill Cell - Maintenance

Provision has been made in the accounts for landfill cell capping. Council will have an obligation for maintenance on an on-going basis after the cell is restored, the exact cost of which cannot be determined at this stage.

(e) Grants

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

(f) Contingent Assets

Unpaid developer contributions at year end are assessed for 'expectation' of payment and recorded as Contingent Assets. Developer contributions to be received in respect of subdivisions currently under development total nil.

Note 39 Financial Instruments

a) Financial Instruments- Accounting Policy, Terms and Conditions

Recognised Financial Instrument	Note	Accounting Policy	Terms and Conditions
i) Financial Assets			
Cash and cash equivalents	16	Cash on hand and at bank and money market call account are valued at face value Interest recognised as it accrues.	At call deposits returned floating interest rates between 4.45% and 4.70% (2010: 2.95% and 4.45%). The rate at balance date was 4.7% (2010: 4.45%) Bank bills returned floating interest rates between 4.65% and 5.85% (2010: 3.00% and 5.92%).The weighted average rate at balance date was 5.74% (2010: 5.64%).
Unlisted Shares	17	Valued at cost.	Council's holdings in MAPS Group Ltd and Rye & District Community Financial Services Ltd.
Other Receivables (excluding fines and infringements receivables)	18	General receivables are carried at nominal amounts due less any provisions for doubtful debts. A provision for doubtful debts is recognised when collection is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis. Special Charge Scheme receivables are carried at nominal amounts due plus interest. Special Charge debts are a charge attached to the rateable land. Interest rates are reviewed annually.	General receivables are unsecured and interest free. Credit terms are net 30 days. Special Charge Scheme receivables are payable by quarterly instalments for up to 10 years. Interest rate charged for Special Charge Scheme receivables was between 8.33% and 8.76% (2009: 12.63% to 6.93%)

Recognised Instrument	Financial Note	Accounting Policy	Terms and Conditions
ii) Financial Liabilities			
Trade and other Payables	26	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	Payables are unsecured, not subject to interest charges and are normally settled within 30 days of invoice date.
Interest bearing loans and borrowings	28b	Loans are carried at their principal amount outstanding. Bank loans are subject to borrowing limits imposed by State Government under Loan Council approval arrangements. Interest is charged as an expense as it accrues.	Bank loans are secured by a deed over the rate revenue of Council The interest rate for individual bank loans is fixed for the period of the loan Bank loans are repayable in equal instalments comprising principal & interest. Interest is payable in arrears. Interest rates for loans vary between 6.10% and 7.76% (2010: 6.10% and 7.76%).
Finance Leases	28a	Finance leases are capitalised and calculated using an imputed interest rate based on repayment streams. The leases are in respect of Information Technology equipment, and recycling bins.	The equipment (except recycling bins) remains the property of the leasing company. The interest rate applicable is 7.32% (2010: 7.32%)

Note 39b Financial Instruments – Interest Rate Risk

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

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

Fixed Interest Rate Matures in:								Weighted Average Interest Rate %
Note	Floating Interest Rate	1 year or Less	1 to 5 Years	Over 5 Years	Non Interest Bearing	Carrying Amount		
2010		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial Assets								
Cash and Cash at Bank	16	1,364	-	-	-	16	1,380	5.56
Cash on Call & Bank Bills	16	-	23,491	-	-	-	23,491	5.64
Other Financial Assets	17	-	-	-	-	8	8	N/A
Other Receivables	18	748	-	-	-	7,739	8,487	7.23
Total Financial Assets		2,112	23,491	-	-	7,763	33,366	
Financial Liabilities								
Trade and other payables	26	-	-	-	-	7,323	7,323	N/A
Trust Funds and Deposits	27	-	-	-	-	5,828	5,828	N/A
Finance Leases	28a	-	414	1,514	-	-	1,928	7.32
Interest Bearing Loans	28b	-	3,566	16,175	19,354	-	39,095	6.69
Total Financial Liabilities		-	3,980	17,689	19,354	13,151	54,174	
Net Financial Assets/(Liabilities)		2,112	19,511	(17,689)	(19,354)	(5,388)	(20,808)	

Note 39c Financial Instruments – Net Fair Value

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

	Total Carrying amount as per Balance Sheet \$'000		Aggregate Net Fair Value \$'000	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	32,362	24,871	32,362	24,871
Other Financial Assets	8	8	8	8
Other Receivables	7,353	8,487	7,353	8,487
Total Financial Assets	39,723	33,366	39,723	33,366
Financial Liabilities				
Interest - Bearing Loans	38,591	39,095	36,527	36,930
Trade and other payables	10,703	7,323	10,703	7,323
Trust Funds and Deposits	3,358	5,828	3,358	5,828
Finance Leases	1,514	1,928	1,514	1,928
Unfunded Superannuation	2,120	-	2,120	-
Total Financial Liabilities	56,286	54,174	54,222	52,009

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

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

Note 39d Financial Instruments – Credit Risk

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

Note 39e Financial Instruments – Risks and Mitigation

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

Market Risk

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

Interest Rate Risk

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

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

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

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council 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,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

Credit Risk

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial banks 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 majority of receivables are Government bodies. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

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

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

Movement in Provisions for Doubtful Debts

	2011	2010
	\$'000	\$'000
Balance at the Beginning of the year	682	752
New Provisions recognised/reduced during the year	32	(70)
Amounts already provided for and written off as uncollectible	(3)	-
	711	682

Ageing of Trade and Other Receivables

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

Current (not yet due)	5,364	5,754
Past due by up to 30 days	484	713
Past due between 31 and 60 days	63	69
Past due greater than 61 days	4,876	4,689
Total Trade & Other Receivables	10,787	11,225

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$862K (2010 \$827) were impaired. The amount of the provision raised against these debtors was \$701K (2010 \$678K). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

	2011 \$'000	2010 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	711	682
Total Trade & Other Receivables	711	682

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 assets at all.

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities.

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

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

2010	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	7,323	-	-	-	-	7,323	7,323
Trust funds and deposits	3,344	1,388	619	-	477	5,828	5,828
Interest Bearing loans and borrowings	1,757	1,809	3,806	12,369	19,354	39,095	39,095
Total Financial Liabilities	12,424	3,197	4,425	12,369	19,831	52,246	52,246

Note 39f Financial Instruments – Sensitivity Disclosure

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

- A parallel shift of +2% and -1% in market interest rates (AUD) from years-end rates of 4.4%

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

Market Risk Exposure	Carrying amount Subject to Interest	Interest Rate Risk			
		-1%		+2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
Financial Assets					
Cash and Cash at Bank	860	(9)	(9)	17	17
Cash on Call and Bank Bills	31,485	(315)	(315)	630	630
Other Receivables	1,237	(12)	(12)	25	25
Financial Liabilities					
Bank Loans	38,591	386	386	(772)	(772)
Finance Leases	1,514	15	15	(30)	(30)
Net	(6,523)	65	65	(130)	(130)
Market Risk Exposure	Carrying amount Subject to Interest	Interest Rate Risk			
		-1%		+2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2010					
Financial Assets					
Cash and Cash at Bank	1,364	(14)	(14)	27	27
Cash on Call and Bank Bills	23,491	(235)	(235)	470	470
Other Receivables	748	(7)	(7)	15	15
Financial Liabilities					
Bank Loans	39,095	391	391	(781)	(781)
Finance Leases	1,928	19	19	(39)	(39)
Net	(15,420)	154	154	(308)	(308)

Note 39g Financial Instruments – Fair Value Hierarchy

The Council does not have assets carried at fair value.

Note 40 Financial Ratios (Performance Indicators)

	2011	2010	2009
<p>a) Debt Servicing Ratio The Debt Servicing ratio expresses debt servicing costs (interest and finance charges relating to bank loans and finance leases) as a percentage of total operating revenue, thus identifying the capacity of Council to service its outstanding debt.</p> <p style="text-align: right;">1.6% 1.8% 1.9%</p> <p>Council's Debt Servicing ratio is reducing and low, and indicates that Council has a strong capacity to meet financing costs on borrowings.</p>			
<p>b) Debt Commitment Ratio The Debt Commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal, thus indicating Council's debt redemption strategy.</p> <p style="text-align: right;">6.3% 6.9% 7.2%</p> <p>Council's Debt Commitment ratio is reducing, and indicates that resources are not extensively committed to servicing existing debts.</p>			
<p>c) Revenue Ratio The Revenue Ratio indicates Council's reliance on rate revenue by assessing rate revenue as a proportion of the total revenue of Council; it identifies Council's dependence on non-rate income.</p> <p style="text-align: right;">62.4% 58.4% 58.6%</p> <p>Council's Revenue Ratio has increased in 2011 due in part to the Opt-in Green Waste Service.</p>			
<p>d) Debt Exposure Ratio The Debt Exposure ratio expresses the percentage of total liabilities for each dollar of realisable assets, enabling assessment of Council's solvency and exposure to debt.</p> <p style="text-align: right;">9.6% 9.2% 10.8%</p> <p>(For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation use; land and buildings on Crown land, restricted assets, and total infrastructure assets are excluded).</p> <p>Council's Debt Exposure increased in 2011 due to the call on Unfunded Superannuation. The ratio is consistent and considered low (Council's target measure is <20%), and indicates that Council is not heavily reliant on debt.</p>			

	2011	2010	2009
<p>e) Working Capital Ratio The Working Capital ratio expresses the level of current assets the Council has available to meet its current liabilities, indicating our ability to meet current commitments</p> <p>Council's Working Capital ratio is improving and whilst we have no issues, we need to be careful in managing cash flow.</p>	163.1%	147.6%	134.4%
<p>f) Adjusted Working Capital Ratio The Adjusted Working Capital ratio also assesses Councils ability to meet current commitments, however current liabilities have been reduced to reflect the long service leave that is shown as a 'current liability' (because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period).</p> <p>When adjusted, the Working Capital ratio indicates that Council has no issues with repaying short term liabilities as they fall due.</p>	213.9%	193.9%	172.6%
<p>Annually, the Victorian Auditor-General reports five financial sustainability measures to the Victorian Parliament. Council's assessment of those measures are as follows:</p>			
<p>g) Underlying Surplus The Underlying Surplus expresses an adjusted net surplus as a percentage of total underlying revenue (being revenue excluding non-cash developer contributions and other one off non-recurring revenues).</p> <p>A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit.</p> <p>Council's Underlying Surplus has been positive for some years, and indicates we are generating surpluses consistently.</p> <p>MPSC has had a positive result for the past five years with a mean of 2.93%. The mean is used because on an annual basis, this measure is subject to variation depending on the timing of the receipt of recurrent and capital grants and non recurrent items such as unfunded superannuation expense and Assets written off.</p> <p>With a mean of 2.93%, the Auditor-General rates this as <u>Low Risk</u></p>	2.96%	6.45%	2.33%
	2.93% mean	2.00%	4.50%

	2011	2010	2009
<p>h) Liquidity</p> <p>The Liquidity indicator duplicates the working capital ratio (refer note 37d) and adjusted working capital ratio (refer note 37f) above, measuring Council's ability to pay existing liabilities in the next 12 months.</p> <p style="text-align: right;">1.63 1.48 1.34</p> <p>Council's Liquidity ratio of more than one means there is more cash and liquid assets than short-term liabilities. With a liquidity indicator of 1.63, the Auditor-General rates this a <u>Low Risk</u></p>			
<p>i) Indebtedness</p> <p>The Indebtedness indicator compares non-current liabilities (mainly comprised of borrowings) to own-sourced revenue.</p> <p>The higher the percentage, the less able to cover non-current liabilities from the Council generated revenues.</p> <p style="text-align: right;">29.12% 32.03% 37.23%</p> <p>Owned-sourced revenue is used (rather than total revenue) because it does not include non-cash developer contributions or grants.</p> <p>Council's Indebtedness is reducing and indicates that Council has no concern over the ability to repay debt from own source revenue.</p> <p>With an Indebtedness indicator of 29.12% the Auditor-General rates this a <u>Low Risk</u></p>			
<p>j) Self Financing</p> <p>Council's Self Financing indicator expresses net operating cash flows as a percentage of underlying revenue, thus measuring the ability to replace assets using cash generated by normal operations.</p> <p style="text-align: right;">21.76% 21.30% 18.87%</p> <p>The higher the percentage, the more effectively this can be done.</p> <p>Council's Self Financing result indicates that we are now generating enough cash from operations to fund replacement of assets.</p> <p>With an Self Financing indicator of 21.76% the Auditor-General rates this a <u>Low Risk</u></p>			
<p>k) Investment Gap</p> <p>Council's Investment Gap indicator compares the rate of spending on infrastructure, property, plant and equipment with annual depreciation and amortisation.</p> <p style="text-align: right;">1.09 1.31 1.20</p> <p>The Investment Gap indicator is consistent, with a mean of 1.17 over the past five years, indicating that spending is proportionally higher than depreciation.</p> <p>With a mean Investment Gap indicator of 1.17 % the Auditor-General rates this a <u>Medium Risk</u>.</p> <p style="text-align: right;">1.17 1.18 1.10 mean</p>			

Statement by Councillors and Principal Accounting Officer

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



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

Date: 12/09/2011


In our opinion the accompanying financial statements present fairly the financial transactions of the Mornington Peninsula Shire for the year ended 30 June 2011 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 5th September 2011 to certify the financial statements in their final form.

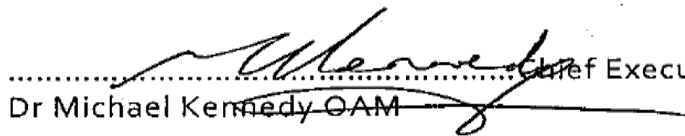


.....Councillor
Cr Graham Pittock



.....Councillor
Cr Frank Martin

Date: 12/09/2011



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

Date: 12/09/2011



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Mornington Peninsula Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2011 of the Mornington Peninsula Shire Council which comprises of the comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the statement by councillors and principal accounting officer has been audited.

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of the standard statement of financial performance, standard statement of financial position, standard statement of cash flows, standard statement of capital works, the related notes and the statement by councillors and principal accounting officer has been audited.

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

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

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

This responsibility includes:

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

Auditor's Responsibility

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

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

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Independent Auditor's Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion:

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

Basis of Accounting for Standard Statements

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

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

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

MELBOURNE
14 September 2011


J D R Pearson
Auditor-General

2

Standard Statements

for the year ended
30 June 2011

Notes to the Standard Statements

1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements in its Annual Report. Four statements are required — a Standard Statement of Financial Performance, a Standard Statement of Financial Position, a Standard Statement of Cash Flows and a Standard Statement of Capital Works, together with explanatory notes.

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

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

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

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

The budget figures included in the Statements are those adopted by the Council on 26th July 2010. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.

Standard Statement of Financial Performance For the Year Ended 30 June 2011

	Budget 2011 \$'000	Actual 2011 \$'000	Variance \$'000	Variance Ref %
Revenue from ordinary activities				
Rates and Charges	104,214	104,627	413	0.40
Statutory Fees and Charges	3,703	3,779	76	2.05
User Fees	25,600	26,483	883	3.45
Contributions - cash	3,190	3,001	(189)	(5.92)
Contributed Assets	7,500	3,903	(3,597)	(47.96) 1
Grants - Recurrent	17,706	19,098	1,392	7.86
Grants - Capital	6,112	4,777	(1,335)	(21.84) 2
Interest	1,250	2,006	756	60.48 3
Total revenues	169,275	167,674	(1,601)	
Expenses from ordinary activities				
Employee Costs	52,331	54,510	(2,179)	(4.16)
Unfunded Superannuation	-	2,120	(2,120)	100.00 4
Materials and Contracts	73,881	74,358	(477)	(0.65)
Depreciation and Amortisation	19,996	20,456	(460)	(2.30)
Finance Costs	2,875	2,635	240	8.35
Other Expenses	4,005	3,702	303	7.57
Assets Written Off	-	1,654	(1,654)	100.00 5
Total expenses	153,088	159,435	(6,347)	
Net Gain/(Loss) on Sale/Disposal of Assets	-	548	548	100.00 6
Net result from ordinary operations	16,187	8,787	(7,400)	

Standard Statement of Financial Performance For the Year Ended 30 June 2011

Explanation of Variances

Revenue

- | | | |
|---|-----------------------|--|
| 1 | Contributed
Assets | The budget for in-kind contributions (\$7.5m) (from subdivisions), was premised on previous years actual results, but the actual for the year was \$3.6m less than anticipated. |
| 2 | Grants - Capital | A number of capital projects are funded from external grants. A number of these projects are incomplete at balance date and cannot be claimed until the project is complete. In addition, during the final days of the 2009/10 financial audit, a reallocation of over \$3.5m from trust account was recognised as income in 2009/10. As the 2010/11 budget was adopted before this adjustment it had a flow on effect into 2010/11. |
| 3 | Interest | Interest revenue was more than budget as a result of higher than anticipated interest rates and greater amount of funds invested due to incomplete capital works program. |

Expenses

- | | | |
|---|--|--|
| 4 | Unfunded
Superannuation | During 2010/11 Council was required to bring to account additional liability for Vision Super Defined Benefits Plan of \$2.12m. |
| 5 | Assets Written
Off | Not included in the Annual Budget. The actual amount is primarily due to the abandonment of Infrastructure assets.

Refer to Financial Statements note 8 for details. |
| 6 | Net Gain on
sale/disposal of
assets | Net Gain on sale/disposal of assets was not included in the Annual Budget. The actual amount is primarily as a result of sale of land.

Refer Financial Statements note 9 for details. |

Standard Statement of Financial Position For the Year Ended 30 June 2011

	Budget 2011 \$'000	Actual 2011 \$'000	Variance \$'000	Variance %	Ref
Current Assets					
Cash and Cash Equivalents	22,087	32,362	10,275	46.52	1
Receivables	8,734	9,899	1,165	13.34	2
Other	1,321	1,279	(42)	(3.18)	
Assets held for sale	4,000	5,160	1,160	29.00	3
Total Current Assets	36,142	48,700	12,558		
Non-Current Assets					
Other Financial Assets	8	8	-	-	
Receivables	650	887	237	36.46	4
Land and Buildings	826,021	802,993	(23,028)	(2.79)	
Plant, Furniture and Equipment	8,325	7,653	(672)	(8.07)	
Infrastructure	908,182	916,358	8,176	0.90	
Intangibles	42	1,099	1,057	2,516.67	5
Total Non-Current Assets	1,743,228	1,728,998	(14,230)		
Total Assets	1,779,370	1,777,698	(1,672)		
Current Liabilities					
Payables	7,840	10,703	(2,863)	(36.52)	6
Trust Funds and Deposits	5,290	3,358	1,932	36.52	7
Interest-bearing Liabilities	4,451	4,902	(451)	(10.13)	8
Provisions	10,544	10,904	(360)	(3.41)	
Total Current Liabilities	28,125	29,867	(1,742)		
Non-Current Liabilities					
Interest-bearing Liabilities	35,540	37,323	(1,783)	(5.02)	
Provisions	2,465	2,699	(234)	(9.49)	
Total Non-Current Liabilities	38,005	40,022	(2,017)		
Total Liabilities	66,130	69,889	(3,759)		
Equity					
Accumulated Surplus	858,546	852,116	6,430	0.75	
Reserves	854,694	855,693	(999)	(0.12)	
Total Equity	1,713,240	1,707,809	5,431		
Total Liabilities and Equity	1,779,370	1,777,698	1,672		

Standard Statement of Financial Position For the Year Ended 30 June 2011

Explanation of Variances

It should be noted that 2010/11 Annual Budget was adopted by Council before the 2009/10 Financial Statements were finalised. The budget amounts were included in the Annual Budget at the total level only and as such may have included some imprecise assumptions.

Current Assets

1	Cash and Cash Equivalents	Refer to Standard Statement of Cashflows.
2	Receivables	Budget assumed a lower level of receivables as at year end. Refer Financial Statements note 18 for details.
3	Assets held for sale	The amount anticipated for the land sale program has increased compared to the previous year.

Non Current Assets

4	Receivables	Budget assumed a lower level of non-current portion of Special Charge Schemes receivables as at year end. Refer Financial Statements note 18 for details.
5	Intangibles	Budget assumed a lower level of Intangible assets as at year end. Refer to note 25 for more detail.

Current Liabilities

6	Payables	Budget assumed a lower level of payables at year end. All amounts accrued are expected to be paid or refunded in the next 12 months. The level of accruals was higher than anticipated. Refer Financial Statements note 26 for details.
7	Trust Funds and Deposits	Budget assumed a higher level of Trust Funds and Deposits. Refer Financial Statements note 27 for details.
8	Interest-bearing Liabilities	Budget did not allow for repayment of unfunded superannuation. Current amount recognised at year end of \$530k.

Standard Statement of Cash Flows

For the Year Ended 30 June 2011

	Budget 2011 \$'000	Actual 2011 \$'000	Variance \$'000	Variance Ref %
Cash Flows from Operating Activities				
<i>Receipts (inclusive of GST, wherever applicable)</i>				
General Rates	104,214	103,259	(955)	(0.92)
User Charges and Other	29,914	33,966	4,052	13.55 1
Cash Contributions	3,190	3,001	(189)	(5.92)
Government Grants	24,181	24,986	805	3.33
Interest	1,250	1,936	686	54.88 2
Net GST Refund	6,135	7,115	980	15.97 3
	168,884	174,263	5,379	
<i>Payments (inclusive of GST, wherever applicable)</i>				
Employee Costs	51,702	53,809	(2,107)	(4.08)
Materials and Contracts	79,607	80,846	(1,239)	(1.56)
Other Expenses	4,005	3,714	291	7.27
	135,314	138,369	(3,055)	
Net Cash Inflows / (Outflows) from Operating Activities	33,570	35,894	2,324	
Cash Flows from Investing Activities				
<i>Payments for</i>				
Property	8,893	8,024	869	9.77
Infrastructure Assets	23,133	13,620	9,513	41.12 4
Plant, Furniture and Equipment	1,648	1,760	(112)	(6.80)
	33,674	23,404	10,270	
<i>Proceeds from</i>				
Sale of Property	2,550	1,159	(1,391)	(54.55) 5
Sale of Plant, Furniture and Equipment	55	16	(39)	(70.91) 6
Sundry Receivables	-	(41)	(41)	100.00 7
	2,605	1,134	(1,471)	
Net Cash Inflows / (Outflows) from Investing Activities	(31,069)	(22,270)	8,799	
Cash Flows from Financing Activities				
Finance Costs	(2,875)	(2,744)	131	4.56
Proceeds from Borrowings	3,000	3,000	0	0.00
Repayment of Borrowings	(4,037)	(3,505)	532	13.18 8
Repayment of Finance Leases	(414)	(414)	0	0.00
Movement in Deposits and Bonds	-	(2,470)	(2,470)	(100.00) 9
Net Cash Inflows / (Outflows) from Financing Activities	(4,326)	(6,133)	(1,807)	
Net Increase / (Decrease) in Cash Held	(1,825)	7,491	9,316	
Cash and cash equivalents at the beginning of the Financial Year	23,912	24,871	959	
Cash and cash equivalents at the end of the Financial Year	22,087	32,362	10,275	

Standard Statement of Cash Flows

For the Year Ended 30 June 2011

Explanation of Variances

1	User Charges and Other	Cash receipts from user charges was greater than budget.
2	Interest	At the time of 2010/11 budget preparation it was anticipated that interest rates would remain consistent. During the year Council had additional funds to invest and rising interest rates gave the favourable cash inflows.
3	Net GST Refund	Refunds for payments made were more than anticipated.
4	Infrastructure Assets	Payments less than budget due to capital projects carried forward to 2011/12. Refer Standard Statement of Capital Works.
5	Sale of Property	Some properties that were intended for disposal during 2010/11 will not be finalised until 2011/12.
6	Sale of Plant, Furniture and Equipment	Not all budgeted trade-ins proceeded with.
7	Sundry Receivables	Budget assumed no movement in the level of Sundry Receivables and Deposits at year end.
8	Repayment of Borrowings	Council Borrowings for 2010/11 proceeded later than anticipated.
9	Trust Funds and Deposits	Budget assumed no movement in the level of Trust Funds and Deposits at year end.

Standard Statement of Capital Works For the Year Ended 30 June 2011

	Budget 2011 \$'000	Actual 2011 \$'000	Variance \$'000	Variance %	Ref
Capital Works Areas					
Land	50	82	(32)	(64.00)	1
Buildings	8,843	6,270	2,573	29.10	2
Infrastructure - Roads	16,122	12,592	3,530	21.90	3
Infrastructure - Drainage	4,019	2,494	1,525	37.94	4
Infrastructure - Other	2,992	1,013	1,979	66.14	5
Plant, Equipment and Other	548	455	93	16.97	6
Library Bookstock	1,100	1,127	(27)	(2.45)	
Total Capital Works	33,674	24,033	9,641		

Types of Capital Works					
Asset Renewal	19,553	14,654	4,899	25.05	a
New Assets	5,208	2,473	2,735	52.52	b
Asset Expansion / Upgrade	8,913	6,906	2,007	22.52	c
Total Capital Works	33,674	24,033	9,641		

Fixed Assets Movement Reconciliation Worksheet

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

Total Capital Works	33,674	24,033	9,641	28.63	
Asset Revaluations and Adjustments	-	(8,031)	8,031	100.00	
Granted Assets	7,500	3,903	3,597	47.96	
Depreciation and Amortisation	(19,996)	(20,456)	460	(2.30)	
Assets Recognised	-	9,740	(9,740)	(100.00)	
Assets Derecognised	-	(4,093)	4,093	(100.00)	
Net Movement	21,178	5,096	16,082		

a) Renewal

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

b) Upgrade

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

c) Expansion

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

Standard Statement of Capital Works For the Year Ended 30 June 2011

Explanation of Variances

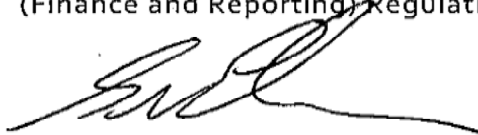
It should be noted that 2011/12 Annual Budget was adopted by Council before the 2010/11 Financial Statements were finalised.

- | | | |
|---|----------------------------|---|
| 1 | Land | Additional costs associated with the Land Sale program. |
| 2 | Buildings | Primarily due to projects carried forward to 2011/12, due to planning issues, weather delays, and extended consultation, including – Southern Peninsula Aquatic Centre \$207k, Rosebud West Community Centre \$1.354m, Dromana Senior Citizens \$328k, Mornington Park Hall \$138k and Dromana Community House \$132k. The Leachate Treatment Plant – Rye Landfill project was deferred. |
| 3 | Infrastructure Roads | - Primarily due to projects carried forward to 2011/12, including Blackspot projects, Roads to Recovery projects, Hastings commercial area parking and TMT \$238k and Mornington North Precinct projects \$352k. In addition a less than anticipated capitalised value for road renewal works under Safer Local Roads program of \$1.66m.

Special Charge Scheme projects carried forward include; Tintagel/Freemans, Mt Eliza \$101k; Jerula Ave, Mt Eliza \$471k; Bayview Ave, Rosebud \$179k and Henderson Rd, Hastings \$340k |
| 4 | Infrastructure Drainage | - Primarily due to projects being carried forward to 2011/12, including; The Eyrie, McCrae \$767k; Peninsula Ave, Rye \$336k; Tanti Ave, Mornington \$271k; Nepean Drainage line \$277k. |
| 5 | Infrastructure Other | - Primarily due to projects carried forward to 2011/12, including Balcombe Creek boardwalk \$157k; Implementation Recreation master plans -John Butler Res, Howard Parker Res, Civic Res. \$432k; Skate and BMX strategy \$366k. |
| 6 | Plant, Equipment and Other | Primarily due to plant replacement being deferred to 2011/12. |

Statement by Councillors and Principal Accounting Officer

In my opinion the accompanying standard statements of the Mornington Peninsula Shire Council in respect of the 2010/2011 financial year have been prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



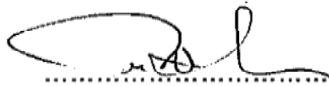
.....Principal Accounting Officer
Geoff Emberson, B.Bus (Acc), CPA

Date: 12/09/2011

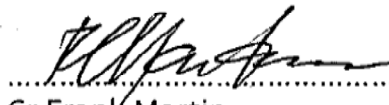
In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

We have been authorised by the Council on 5th September 2011 to certify the standard statements in their final form.

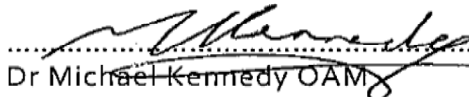


.....Councillor
Cr Graham Pittock



.....Councillor
Cr Frank Martin

Date: 12/09/2011



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

12/09/2011

Performance Statement

for the year ended
30 June 2011

Performance Statement

Introduction

The Victorian Government is of the view that it is reasonable to expect all Councils to collect and publish performance information.

The Government amended the Local Government Act (Section 132 of the Local Act 1989), to ensure that Local Government develops new performance accountability mechanisms which allow for a consistent approach in the collection and reporting of information regarding financial performance, operating costs and community satisfaction. Without comparable figures, a great deal of benefit of measuring performance is lost.

The use of performance indicators by Local Government is a significant step towards achieving:

- an improved capacity to objectively measure Council performance leading to a better set of relationships between the State and Local Government
- better informed local communities

Since 1997/98, there has been a requirement for Councils to adopt an annual business plan as part of its corporate planning cycle and to include in its annual report, a statement of performance against the targets set in the annual business plan.

In addition, the Local Government Act (1989) requires the Performance Statement to include Key Strategic Activities and performance targets and measures specified in the budget under section 127 for that financial year.

The actual results achieved for the 2010/11 financial year are included in this report.

Key Strategic Activity	Performance Measure	Performance Target	Achievements
Nurturing our local character and 'sense of place'			
Emphasising the regional role of the Peninsula	Completion of the Spatial Employment Strategy	Adoption by 30 June 2011	Project rescheduled to 2011/12
Encouraging a distinct 'sense of place'	Completion of Local Housing Sustainable Settlement Strategy	Adoption by 30 June 2011	Project progress 20% complete – awaiting State Government Housing Capacity Assessments.
Pursuing safe environments and ESD through good design	Publication of Township Guideline design brochures	Completion by 30 June 2011	Project rescheduled to 2011/12
Protecting coastal and rural landscapes	Adoption of the Green Wedge Management plan	Completion by 30 June 2011	Council adoption of the Green Wedge Dwellings policy. Substantive management plan underway (60% complete).
Recognition and protection of our heritage assets	Completion of Stage 2 of the Heritage Review (Analysis and classification methodology)	Completion by 30 June 2011	Project is 80% completed.
Protecting our environment and tackling climate change			
Sustaining our natural systems	Implementation of the Land Sustainability rebate scheme	Take up of ≥ 700 applications for the year	Not Achieved 679 properties received rebate, some new owners did not apply.
Managing our coast line	Completion of Local Coastal Vulnerability Assessments for the Western Port Region	Completion by 30 June 2011	Project rescheduled to 2011/12 It should be noted that this is a State Government project
Pursuing sustainable resource use	Commissioning of the Mornington Water Re-use Scheme	Completion by 30 June 2011	Achieved Project construction complete recycled water being delivered to the site
Creating safe, healthy and engaged communities			
Fostering a culturally enriched community	Review of Arts and Culture Strategy	Review and adoption by 30 April 2011	Project 90% complete. Following a process of community consultation a draft strategy was presented to Council in November 2010.
Optimising Health and Wellbeing for all ages	Adoption of the Positive Ageing Strategy	Adoption by 31 December 2010	Project 80% complete.

Key Strategic Activity	Performance Measure	Performance Target	Achievements
Optimising the accessibility and use of community facilities	Adoption of Toilet Strategy	Adoption by 31 December 2010	Project 80% complete.
Supporting an active, connected and informed community	Community Satisfaction rating on Community Engagement	≥ 72	Not Achieved Score of 60 achieved
Making communities safe	Successful implementation of changes to the Food Act	Completion by 30 June 2011	Project 70% complete.
Supporting a sustainable Peninsula economy			
Facilitating a prosperous rural economy	Completion of the Agricultural Audit	Completion by 30 September 2010	Achieved Agricultural Audit complete and reported to Council
Marketing the Peninsula as a tourism destination	Update of Tourism Marketing Plan	Completion by 30 June 2011	Achieved Report to Regional Tourism Board
Encouraging a resilient Peninsula economy	Continued implementation of 2009-2014 economic Development Strategy	Completion by 30 June 2011	Achieved Reviews of the Marine and Conference sectors
Being responsible, accountable and forward thinking			
Delivering quality service	Completion of Business Excellence Framework audit	Completion by 30 June 2011	Project scope varied to a review of Best Practice process. 80% complete.
Building a competent and healthy workplace	Annual report on Occupational Health and Safety	Completion by 30 June 2011	Achieved Reported to Chief Executive Officer in Annual Review
Demonstrating good corporate and democratic operations	Completion of Local Laws Review	Adoption by 31 Dec 2010	Project deferred to 2011/12
Engaging with the community	Adoption of a Community Engagement Policy and Guidelines	Completion by 30 June 2011	Project 75% complete.
Sustainably managing our finances	Victorian Auditor General's assessment of financial sustainability	Council Overall Rating = Low Risk	Achieved Reported to Audit Committee March 2011

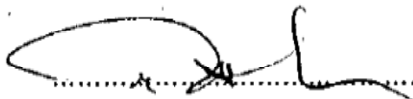
Council Approval of the Performance Statement

In our opinion the accompanying performance statement of Mornington Peninsula Shire Council in respect of the 2010/2011 financial year is presented fairly in accordance with the Local Government Act 1989.

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


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

On 5th September 2011 we have been authorised by the Council to certify the performance statement in its final form.


.....Councillor
Cr Graham Pittock


.....Councillor
Cr Frank Martin

Date: 12/09/2011


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

Date: 12/09/2011



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Mornington Peninsula Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2011 of the Mornington Peninsula Shire Council which comprises the statement, the council approval of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Independence

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

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Independent Auditor's Report (continued)

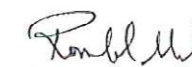
Auditor's Opinion

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

Matters Relating to the Electronic Publication of the Audited Performance Statement

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

MELBOURNE
14 September 2011


D D R Pearson
Auditor-General