

Annual Report 2009 / 2010

Mornington Peninsula Shire



**MORNINGTON
PENINSULA**
Shire

COMMITTED TO A
SUSTAINABLE
PENINSULA



The 2009-2010 year was a very challenging, but also a very rewarding year for Councillors and officers alike. I have been fortunate to lead a team of Councillors from very broad and diverse backgrounds that provides a fantastic mix of wisdom, knowledge, innovation and energy.

Mornington Peninsula Shire is very large and very diverse, and as Councillors, we work hard to understand the needs and expectations of our communities, and reflect them in the range of services, programs and projects we deliver.

There are many ways in which Councillors, both individually and collectively, gather this information, including:

- Informal meetings with individuals and groups on a wide range of topics,
- Council meetings and Ward meetings,
- Monthly Community Council meetings,
- Submissions, letters and petitions received

This approach ensures that the policies that are formulated by Council are robust and thoroughly explored.

Over the past 12 months, Council has continued to work cohesively towards:

- Enhancing the character of the Peninsula's towns, villages and green spaces in the face of Melbourne's rapidly expanding population;
- Improving the condition of community facilities and the appearance of our streetscapes;
- Advocating for improvements to public transport;
- Protecting our much loved environment from the threats posed by Climate Change;
- Exploring opportunities for residents to work, and students to study, 'closer to home'.

There are many important initiatives outlined in this Annual Report, and I encourage you to take the time to read it.

One of my personal highlights was the hosting the Shire's Second Mayoral Charity Golf Day, held at the National Golf Club in May. This year's event raised more than \$22,000 for the State Emergency Services, Mornington Peninsula Youth Enterprises and the Mayoral Emergency Fund.

In closing, I would like to thank my Councillor colleagues, Shire officers and the broader community for their dedication and support over the past 12 months. We should all be pleased with what was achieved in 2009-2010, while continuing to remain focussed on the challenges that lie ahead.



Cr David Gibb

Mayor

This is an important time in the Mornington Peninsula's unfolding history. Melbourne's population growth is accelerating towards 5 million people. Climate change is increasing the Peninsula's risk of both fire and flood. The changing economic environment is impacting on the work and life prospects of the Peninsula's young people. And the Shire's \$1.4 billion infrastructure asset base (roads, paths, drains, buildings, recreational facilities) needs ongoing renewal, and progressive upgrading to meet the changing needs of local communities.

The Mornington Peninsula's diverse local communities expect their elected Council to understand the challenges and opportunities to be addressed, at both a 'whole of Peninsula' and local level, and to then address them in an efficient, effective, and equitable way. And that is precisely what Council is doing, and this annual report records, in detail, how Council is going about it, guided always by the Shire's Commitment to a Sustainable Peninsula, which ensures that the social, economic and environmental aspects of every decision are properly and fully considered.

Planning controls have been put in place to protect the Peninsula's highly valued natural and built environment, to limit future development, to specifically address the pressures of growth, and the need for diverse and affordable housing options. Local planning controls to address township character, including Development Design Overlays (DDOs) and mandatory height controls are being progressively developed, in consultation with the community.

A \$30 million ten year investment in flood management through integrated drainage schemes, and an annual \$2.5 million spend on fire prevention, are part of a comprehensive response to climate change which also includes significant reductions in the use of potable water and energy, and ongoing efforts to reduce the amount of waste to landfill.

We've also worked with the State government and local industry to advocate for two significant water reuse schemes - the Mornington-Tyabb and Boneo Recycled Water Schemes - saving thousands of mega litres of potable water each year.

Council's focus on the needs of the Peninsula's young people extends from a major commitment to early childhood programs, including literacy, through to working with the education and training sector, and business, to improve opportunities to study, and work, closer to home, whether as a tradesman, or a university graduate.

Council's 'total spend' on infrastructure maintenance, renewal and upgrading has increased by more than 30 per cent over the past five years.

For the Shire organisation, we strive to be a 'Can Do' team of people, seeking to be innovative, looking for 'new solutions to old problems', and to 'go the extra mile' in responding to diverse community needs and expectations. Awards for Excellence for our Safer Local Roads program (Institute of Public Works Engineering Australia), our Sustainability programs (LG Professionals Excellence in Sustainability Award), Pelican Park Recreation Centre (Victorian Aquatic and Recreation Centre of the Year) and Mornington Peninsula Tourism (National winner of Specialised Tourism

Services at the Qantas Australian Tourism Awards) are all indicators of our commitment to 'doing everything we do the best way it can be done'.

More importantly, the progressive and ongoing improvement in our service standards and infrastructure have been achieved while we continue to have rate levels among Victoria's lowest.

Council's financial position is strong and getting stronger. In 2009-10 we delivered our tenth successive surplus, reduced debt by \$3.7 million, achieved an unqualified audit and have the best risk rating that a Victorian local government can achieve.

This annual report is 'a very big read'. Given that the Shire provides more than 100 different services and functions, there is a lot to report on. I would encourage residents and ratepayers to 'have a read', and, if you wish, to provide feedback, which is always welcome.

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

Dr Michael Kennedy OAM

Chief Executive Officer

The Mornington Peninsula's unique characteristics and community lifestyles 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

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Our Council

Rosebud Ward	Councillor David Gibb, Mayor
Rye Ward	Councillor Bill Goodrem, Deputy Mayor
Balcombe Ward	Councillor Anne Shaw
Cerberus Ward	Councillor Reade Smith
Kangerong Ward	Councillor Graham Pittock
Mornington Ward	Councillor Bev Colomb
Mount Eliza Ward	Councillor Leigh Eustace
Nepean Ward	Councillor Tim Rodgers
Red Hill Ward	Councillor Frank Martin
Truemans Ward	Councillor Susan Beveridge
Watson Ward	Councillor Lynn Bowden

The Shire Organisation

Chief Executive Office

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

Sustainable Communities

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

Sustainable Environment

Ray Webb, Director (acting)
Manager Economic Development: Shane Murphy
Manager Strategic Planning: Allan Cowley
Manager Environment Protection: Claire Smith
Manager Statutory Planning: Niall Sheedy (acting)

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 & Corporate Support: Noel Buck
Manager Property & Valuations: Yasmin Woods

Staff Profile

The Shire has three main offices based 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	2	3
Internal Auditor	1	-	1
Corporate Planning & Projects	1	1	2
Communications	1	5	6
Team Support & Development	5	12	17
Sustainable Communities Directorate	1	1	2
Aged & Disability Services	16	184	200
Child, Youth & Family Services	6	66	72
Libraries, Arts & Culture	4	61	65
Recreation & Leisure	28	79	107
Social Planning & Community Development	2	11	13
Sustainable Environment Directorate	-	1	1
Economic Development	3	12	15
Strategic Planning	7	5	12
Environment Protection	43	83	126
Statutory Planning	19	28	47
Sustainable Infrastructure Directorate	1	2	3
Infrastructure Maintenance	23	10	33
Infrastructure Strategy	15	4	19
Infrastructure Project Management	21	5	26
Renewable Resources	5	8	13
Sustainable Organisation Directorate	1	2	3
Finance	5	24	29
Information Services	12	16	28
Governance & Corporate Support	10	38	48
Property & Valuations	8	9	17
TOTAL	239	669	908

** figures do not include casual employees*

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, in a manner that is 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.

The key financial messages for 2009/10 are positive. We have produced another underlying surplus, our level of debt has reduced, and of the five key indicators used by the Auditor General to measure 'financial sustainability', four have improved and the other is consistent with the past year; we expect another 'low risk' rating.

Importantly for our ratepayers, we have retained our low rating status when compared to other Councils.

In terms of the 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 \$22.713m, compared to last year which was a surplus of \$14.313m. These however are not our 'losses or profits' for the year, in the usual meaning of the word. This year's surplus includes \$12.79m of contributed assets, which is effectively a 'non-cash' transfer of assets to the Shire. They are in fact infrastructure 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 2009/10, with adjustments made to deduct the impact of 'non-cash' transactions. However even with these adjustments, the results are confused somewhat by required account treatments for things such as government grants for 2010/11, but paid to Council in 2009/10, which we are required to record as income in 2009/10. We stress that this reporting is our own 'layman's approach', and 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 need arose, 'Funds Available' (being the surplus on recurring operations) was a favourable \$3.529m. Our cash deficit for the year was \$1.093m, which is some \$5.343m less than budgeted.

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, we reduced our debt, our various financial ratios as assessed by the Auditor General improved, and we did this in a environment which sees our rates and charges low when compared to other Councils. Council's financial position is both strong and sustainable.

**Corporate Performance Statement
Year Ending 30 June 2010**

	Budget Y.E. \$'000	Actual Y.E. \$'000	Variance Y.E. \$'000
Income			
Rates	96,873	97,127	254
Grants and Subsidies	11,745	12,373	628
User Charges	22,564	24,384	1,820
Grants Commission	5,019	5,003	(16)
Interest Income	870	1,424	554
	<u>137,071</u>	<u>140,311</u>	<u>3,240</u>
Expenses			
Sustainable Environment	13,472	14,690	(1,218)
Sustainable Infrastructure	46,585	43,752	2,833
Sustainable Communities	30,478	31,526	(1,048)
Sustainable Organisation	16,314	16,471	(157)
CEO and Council	3,785	3,917	(132)
Interest	2,929	2,918	11
	<u>113,563</u>	<u>113,274</u>	<u>289</u>
Funds Available	<u>23,508</u>	<u>27,037</u>	<u>3,529</u>
Capital and Priority Works and Services			
New Borrowings	1,500	-	(1,500)
Transfers From Reserves	-	-	-
Repayment of Borrowings	(3,377)	(3,341)	36
Repayment of Finance Leases	(432)	(432)	-
Priority Projects (Net)	(2,026)	(513)	1,513
Priority Works (Net)	(3,586)	(2,706)	880
Capital Grants	6,156	5,409	(747)
Capital Contributions	2,280	4,354	2,074
Capital Expenditure	(22,153)	(23,063)	(910)
Special Charge Schemes	2,438	20	(2,418)
Special Charge Works	(4,765)	(419)	4,346
	<u>(23,965)</u>	<u>(20,691)</u>	<u>3,274</u>
Operating Result	<u>(457)</u>	<u>6,346</u>	<u>6,803</u>
Non Operating			
Asset Sales	550	339	(211)
	<u>550</u>	<u>339</u>	<u>(211)</u>
Result	<u>93</u>	<u>6,684</u>	<u>6,591</u>
Carry-Forwards	(4,283)	(3,890)	393
Transfers from Reserves	(613)	(501)	112
Net Non-Cash Balance Sheet Movements	(1,633)	(3,386)	(1,753)
Cash Surplus / (Deficit)	<u>(6,436)</u>	<u>(1,093)</u>	<u>5,343</u>
Cash at Beginning of Period	27,719	25,964	(1,755)
Cash at End of Period	21,283	24,871	3,588

Nurturing our local character and sense of place

The Mornington Peninsula is not one place, but many. The Shire plays a number of important roles in preserving what we value about the 'look, feel and function' of each locality while 'facing the future', addressing challenges and embracing opportunities.

Highlights for 2009-10 included:

Mandatory Height Controls:

The Shire has successfully achieved the introduction of mandatory height controls in Mornington, Somers, Shoreham, Flinders and McCrae.

Mornington Structure Plan:

After several years of close consultation with the local community, the Mornington Structure Plan 'Our Mornington – Vision for a coastal town' was approved by the State Government in late October.

The Plan was approved and integrated into the Mornington Peninsula Shire Planning Scheme through Amendment C95 and will:

- Protect Mornington from inappropriate high-rise development;
- Maintain the village ambience;
- Enhance the coastal character;
- Preserve heritage features; and
- Improve transport and pedestrian links.

Strategic Planning:

A number of plans and strategies were developed for the long-term enhancement and protection of our towns and villages, including:

- Exhibition of the draft Rosebud Structure Plan '*Community, Commerce and Coast*' to help guide the town's development as the principal commercial centre for the southern Peninsula.
- Adoption of Amendments C101 (Flinders) and C103 (Shoreham), following supportive reports from an independent Panel to implement the Flinders Village Design Guidelines and the Shoreham Design Guidelines.
- Approval of the interim McCrae village centre design controls including a mandatory two storey height limit.
- Adoption of the Schnapper Point Framework Plan to ensure that a comprehensive policy perspective is applied to this key coastal area in Mornington.
- Commencement of a comprehensive review of heritage classifications, with the aim of ensuring that the community's expectations regarding protection of heritage buildings and places are soundly based.
- Commencement of the Fossil Beach Conservation Management Plan to protect and manage this important heritage site.
- Working with the Shire's Design Advisory Panel to produce guidelines to ensure effective site context analysis and more appropriate design responses.
- Introduction of an interim local policy in relation to camping and caravan parks in the Green Wedge to ensure that this form of development does not undermine the integrity of the Urban Growth Boundary and erode the rural character of the Green Wedge.
- Development of an implementation plan for the Sorrento Streetscape design concept.
- Commencement of an Urban Design Framework and guidelines for both the Port Phillip and Western Port townships, including Red Hill. This will complement more detailed work on specific townships and villages.

Rosebud West Community Renewal:

The Rosebud West Community Renewal initiative is a partnership between the Shire and the State Government aimed at creating a stronger 'sense of place' for residents of the area.

Over recent years, the local community has worked together to develop an action plan that will provide:

- Ongoing community participation and decision-making;
- New employment and learning opportunities;
- Increased volunteering and other support;
- Upgraded community facilities and open spaces; Greater participation in cultural, recreational and sporting activities; and
- Improved feelings of safety and wellbeing.

Protecting our environment and tackling climate change

Our highly valued natural environment is of both local and international significance. To protect and enhance these special values, the Shire leads by example and facilitates community participation and education. We recognise our vulnerability to climate change and will pro-actively work with the broader community to understand and address the impacts.

Highlights for 2009-10 included:

Bushfire Community Awareness:

Following the devastating Black Saturday Bushfires, Council significantly increased its bushfire prevention works, committing an addition \$1 million to an already comprehensive program. The additional funding ensured increased vegetation pruning and back-burning on Council land, together with a comprehensive community education and engagement program. The Shire's website was used to convey important information to residents, earning praise from the Bushfire Royal Commission which stated: *"The Mornington Peninsula Shire website contained all bushfire information on one page, saving the user from having to navigate through numerous links. These sites provide good models that could be included in a template for all municipal websites."*

Energy and Water Usage:

Energy and water audits have continued throughout Shire-owned buildings and have resulted in significant reductions in usage. Through the installation of water-saving devices, the Shire has already achieved its target of saving 60% of potable water, and has recently purchased green power for Shire buildings and facilities.

Fleet Management:

Reduction in greenhouse gas emissions from the Shire's fleet through a sustainable replacement program of 6 cylinders with 4 cylinder vehicles continued throughout 2009/10. In 2008/09 the Shire's fleet was 35% - 6 cylinder and 65% - 4 cylinder. In 2009/10 the Shire's fleet is now 22% - 6 cylinder and 78% - 4 cylinder. This reduction in green house gas emissions will continue over the next 12 months as further 6 cylinders are replaced with 4 cylinders.

Oval Rehabilitation:

Prior to the commencement of the Oval Rehabilitation Program in 2001/02 the water consumption for playing fields in the Shire was over 80 mega litres per year. With the changing of turf and the monitoring of ovals with the use of weather base control units, the net result has been a reduction of portable water usage by over 90%. This has effectively has made the ovals drought proof as the Shire is using less than half of water allocation of 28 mega litres per annum as permitted by South East Water.

Green Waste:

Two free green waste drop-off weekends were provided to link in with the commencement of the fire season and to provide assistance to residents with storm damage.

Eco Living:

The opening of the Eco-Living Display Centre at The Briars in late 2009 saw more than 800 people in attendance and featured an Eco-Living Festival with over 30 stalls displaying eco-friendly products and services, DIY seminars and Eco-living workshops and activities specifically designed for children's participation. The centre has been designed to show residents how they can retrofit their existing homes to make them more sustainable and to save money on household bills.

Recycled Water:

Two significant water recycling projects have been undertaken this year. The Boneo Recycled Water Scheme was completed and is operational. This project is delivering more than 3,000 megalitres of recycled water for use by vegetable growers, golf courses, Rosebud Secondary College and by the Shire at Olympic Reserve in Rosebud. The Mornington Recycled Water Scheme construction phase is now complete with 100 megalitres of recycled water being distributed to the Mornington Racing Club, Civic Reserve and Dallas Brooks Reserve, Mornington.

Water Conservation:

Water conservation initiatives at Council facilities such as Hastings Office and Hastings Community Hall are projected to save more than two million litres of drinking water annually. Storm water harvesting at Council reserves is also contributing to one million litres not previously captured or used. Despite already achieving our target of reducing water consumption by 60 per cent, the Shire continues to find innovative ways to maximise our water efficiency.

Agriculture Support:

Work is progressing on the Bunyip Food Belt project with Casey and Cardinia Councils and the Water Authorities on this project to investigate the potential benefits of providing recycled water and possible planning controls to support agriculture on the Peninsula.

Group Buy Schemes:

The Shire organised Community Group Buy Schemes throughout the year for solar hot water and rain water tanks. More than 200 people made purchases from suppliers taking advantage of discounted prices and government subsidies.

Continuing the Climate Change Conversation:

More than 1,400 people have registered to receive our *Continuing the Climate Change Conversation* newsletter. This newsletter is published bi-monthly and contains news and advice about living in a sustainable way and action on climate change.

Sustainable Schools:

The Shire's Sustainable Schools Program delivered waste and sustainability programs throughout the year to more than 1,000 primary school children across the Mornington Peninsula. In addition, more than 3,000 children attended this year's School Environment Week activities at The Briars.

Excellence in Sustainability:

This year the Shire won the Local Government Professionals Excellence in Sustainability Award for our ongoing efforts to engage the community on climate change issues. This award is evidence of our leadership in addressing climate change, and in engaging our community in doing so. Our ongoing *Continuing the Climate Change Conversation* program is recognised not only in Victoria, but nationally.

Safer Local Roads:

The Safer Local Roads Team has adopted the use of Emulsion for the sealing of residential streets rather than using the traditional hot cutback bitumen commonly used in Australia. The use of cutback bitumen is banned in Europe and is discouraged in California and New Zealand for two reasons. Firstly, there are environmental concerns in releasing hydrocarbon (kerosene) vapours into the atmosphere; and secondly the risk of personal injury due to hot bitumen burns is minimised.

The Safer Local Roads will save us \$65 million over the next 15 years and key achievements in the first three years include:

- Closing the renewal gap for the Shire's existing local road network.
- Increasing our road resealing program by 750 per cent.

- Using 18,000 tonne of reclaimed material (typically recycled asphalt pavement – RAP) in lieu of energy intensive virgin material.

Bushland and Landcare Groups:

The Shire has worked closely throughout the year with our 50 active bushland friends groups and nine landcare groups. These groups have a combined membership of more than 600 people and in partnership with the Shire have participated in a range of diverse activities with assist to protect and enhance bushland reserves, waterways, grasslands and coastal sites.

Creating safe, healthy and engaged communities

Empowered communities are those that are safe, well informed, connected and supported. The Shire promotes health and wellbeing for all and provides accessible and valued community facilities and services.

Highlights for 2009-10 included:

Home and Community Care:

Throughout 2009-10, the Shire's Home and Community Care team assisted elderly residents within the Shire with:

- 160,000 hours of home, personal and respite care (an increase of 5000 hours on the previous year)
- 90,000 delivered meals
- 8300 community transport trips
- 6500 hours of activity programs
- 4200 hours of home maintenance
- 2500 in-home assessments
- 2000 new referrals

Heatwave Response:

More than 3000 elderly residents were visited and assisted during January's heatwave, with information and practical assistance to cope with the extreme heat.

Community Meetings:

Community Council meetings were held in 11 localities throughout the year, allowing members of the community to meet with Councillors and officers to discuss issues of importance in their township. More than 7000 people attended throughout the year.

Budget Information:

A series of 10 budget briefings were held with community groups and service organisations in June 2010 during the exhibition of the Shire's draft 2010-11 Budget. More than 200 people attended to hear how the budget is prepared and Council's budget priorities and processes.

Alcohol and Drug Education:

The *Communities That Care* Mornington Peninsula Parents Resource Alcohol and Drug Book was created in partnership with 13 secondary colleges and has been distributed to parents of Year 7 students with an aim of reducing alcohol and drug use amongst young people and creating a culture of safe parties.

Healthy Living:

The "Let's Eat" (Rosebud), program and "Fun Fit" (Hastings) program have both worked to develop healthy eating and exercise programs for young people

Youth Support:

The "Beachcomber" mobile youth centre has enabled youth workers to engage with young people at locations within the shire area that are experiencing challenging behaviours.

The Mornington Peninsula Youth Services website (www.mpys.com.au) now receives more than 5,000 visitors each month and the launch of the Peninsula DriveSafe facebook page has attracted

more than 1,400 friends (visitors). This page has been used to inform young people about issues of road safety in a method which is known to be preferred by younger people.

Peninsula DriveSafe:

We have seen a significant reduction in road fatalities on the Mornington Peninsula since the introduction of the Peninsula DriveSafe road safety strategy, falling from 14 fatalities in 2008, to six in 2009. Whilst there are a large range of relevant contributing factors to this result, the important work done in implementing this strategy since its adoption has raised awareness of road safety across the Peninsula.

Best Start:

Research shows that interventions in early childhood such as the development of strong literacy skills and positive engagement in kindergarten and child care results in adults with a higher than average level of health, wellbeing and contribution to community. Best Start is supporting this future goal for the Mornington Peninsula through:

- Co-ordination of the Let's Read project in Rosebud West and Mornington with development of a new project in Hastings underway. Let's Read is designed to be owned and delivered within the community and focuses on children from birth to 5 years. It empowers parents and carers to read with young children and aims to give children the skills they will need to learn to read when they start school.
- Implementation of the Early Start to Kindergarten pilot project. This project seeks to increase participation of children known to Child Protection in effective kindergarten programs through the provision of free places for children in both 3 and 4 year old programs within their local community.

Funding Grants:

The Shire has been very successful in obtaining both State and Federal Government funding this year, with more than \$7.6 million secured for a range of operational and capital projects. Highlights include securing \$922,000 for the Municipal Literacy Partnership Project and \$575,000 for the West Rosebud Place-based Early Childhood Outreach Program.

Our Libraries:

More than 1,300 children registered for the annual Summer Reading Club held at Our Libraries which encourages and rewards children of all ages who keep reading throughout summer.

The introduction of WiFi access at all library service points enables library members to bring their own laptop computers into the library and obtain free, high-speed internet access during opening hours. Launched in March 2010, the service was funded by a State Government initiative to provide public access to the internet and has been enthusiastically embraced by library members has encouraged non-users to the service.

Bike Paths:

The Shire secured a \$540,000 grant to undertake a bike path project in Rosebud West and Hastings. These projects will provide opportunity for short term employment and work experience for a small number of local unemployed or vulnerable people.

Supporting a sustainable economy

A sustainable economy is essential, providing meaningful employment for all who seek it, and services that reflect the community's needs. The Shire works collaboratively with government, business and industry sectors to build and sustain a skilled, well informed and innovative business community, which is competitive and able to adapt to change.

Highlights for 2009-10 included:

Tourism:

Mornington Peninsula Tourism (MPT) conducts an accommodation booking service, event ticketing service to help increase visitor expenditure at local businesses. Consumers are now able to purchase accommodation, tours, event tickets, retail special deals and passes on-line through our regional website.

In 2009-10, MPT (a)identified industry training needs and linked with the statewide Tourism Excellence program to launch nine industry workshops attracting over 300 attendees; (b) rolled out a Business Audit program to benchmark the delivery of services by 60 member businesses via a mystery shopper exercise to identify gaps in product or service delivery.

In early 2010 MPT won the national Tourism Award for Specialised Tourism Services. This award recognised MPT's integrated approach to tourism services and its unique collaboration with local industry to build sustainable tourism across the Peninsula throughout the year. MPT is now conducting a workshop series to assist local tourism businesses to enter the 2010-11 Victorian Tourism Awards.

MPT conducts an annual Health of Tourism survey to research the value and importance of tourism. This survey conducted in partnership with over 200 member businesses provides a statistically reliable insight into visitor trends, dispersal, and investment in tourism product and employment in tourism businesses.

The new tourism traineeship program was designed in consultation with industry sector representatives and is now underway with 9 local tourism businesses hosting Peninsula secondary students.

The MPT facebook page hit record numbers during the year with more than 6,810 friends and an average of 4,000 visits per month.

Business Mentoring:

Business Development provides an *Experts in Residence* service, where businesses can meet with experienced business mentors to discuss their specific business issues. This service is provided every fortnight in partnership with Frankston City Council's Economic Development team.

School-based Apprenticeships:

The creation of a school-based apprenticeship (SBA) will assist a local, physically disabled student make a successful school-to-work transition. By making use of government incentives for SBA's and negotiating with external disability support agencies, The Shire was able to create an opportunity for a local year 11 student to undertake a Certificate II in Business Administration in our Finance unit.

Career and Jobs Expo:

The Shire's Career and Jobs Expo was once again held at the Peninsula Community Theatre, attracting close to 3000 attendees and more than 50 exhibitors.

Green Business Network:

This year the Shire established the Mornington Peninsula Green Business Network with more than 900 small and medium businesses participating in a series of workshops specifically designed for business owners and managers to reduce their impact on the environment and save money.

Being responsive, accountable and forward looking

We embrace the principals of continuous improvement and best practice to ensure that we deliver reliable, efficient and effective services to the community. We achieve this through responsible financial management, effective advocacy and engagement, and by highly valuing our people.

Highlights for 2009-10 included:

Government Submissions:

The Shire has developed a number of major submissions to government, including the Review of the Planning and Environment Act, the Future Farms strategy and the Port and Environs Advisory Committee discussion paper.

Advocacy:

The Shire has been working with State Government and neighbouring Councils to advocate for an Alternative Resource Recovery Technology (ARRT) facility for our municipality. Clusters of interested Councils have been proposed – our Council has advised that we would be interested in taking a lead role in the development of an ARRT for our group of Councils.

Maximising Investments in Information Technology:

Most core software systems and the underlying network infrastructure that supports IT have been with us now for up to ten years, thus maximising our investment in corporate software which in turn translates to reliable, stable and secure systems.

Virtualisation:

Over the last three years a revolution called “Virtualisation” has been taking place in the IT industry with companies, organisations and government departments adopting this technology at an unprecedented pace. In a nutshell this technology allows IT centres to reduce server hardware costs dramatically whilst providing a comparable or better service to their internal clients.

Data Storage:

Council has invested in Storage Area Network (SAN) technology that allows data sharing between different network servers and provides a fast connection for data backup and restoration. SAN capacity can grow with demand; lessening up-front costs and extending the hardware refresh cycle, and the need for less computer room real-estate due to their compact size

Communications:

In 2008 Council implemented a ten-times-faster broadband landline service which not only resolved performance, reliability and speed issues, but also delivered capacity for new technologies, such as Storage Area Networks and virtualisation.

The next improvement is to upgrade the external broadband link to the internet, which will vastly improve external communications

Corporate Information System (CIS):

In 2008 an Electronic Correspondence Management System (ECMS) strategy was developed to meet legislative requirements and public records office guidelines for stronger and more accountable management of Council's information. The project commenced in 2010 and staff will progressively implement the features Council needs over the next three years

Now we are able to store and retrieve most items of correspondence electronically, including inbound and outbound email.

Shared Services:

To reduce costs, the Shire's procurement of all significant IT hardware – desktop computers and laptops, servers, storage devices and printers – is done through State Purchasing Contracts (SPCs) which are State Government department Whole Of Victorian Government competitive arrangements which the minister opened to local government (subjects to some limits). In addition, the MAV is engaging in a range of Shared Service opportunities on behalf of local government.

Transport Services:

The Shire secured ongoing funding for the Rosebud-Chisholm bus service and the Rye – St Andrews service, and initiated the Hastings Bicycle User Group. Additionally in March, the Shire secured funding for two important trial bus services as part of the Transport Connections program, a cross-Peninsula service (Hastings – Moorooduc – Mornington) and a Red Hill – Arthurs Seat – Dromana service. These trial services have been experiencing significantly high patronage levels.

Best Practice:

The Shire has received Best Practice Awards for the delivery of infrastructure services, including the Institute of Public Works Engineering Australia – Victoria Division: Awards for Excellence for Innovative Practice/Service Delivery for Local Road Network Management Service Delivery Network Management Alliance.

Pelican Park:

The Shire's Pelican Park Recreation Facility was awarded the prestigious Aquatic and Recreation Centre of the Year title at the Aquatics and Recreation Victoria annual awards ceremony. These awards have been running for 10 years and are designed to acknowledge excellence in the field of leisure and aquatics. This award adds to the vast array of centre and individual awards already won by Pelican Park in previous years including Employee of the Year 2007, Aqua Instructor of the Year 2007, and Learn to Swim Instructor of the Year 2006.

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 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 & Projects Team developed and introduced a revised Business Planning, Performance Measurement and Reporting Process which was introduced across the organisation in early 2010. This system provides the framework required to ensure that teams within the organisation consistently act on Council's strategic priorities, define annual priorities and targets, focus on best practice and continuous improvement, optimise performance measurement and reporting and provide evidence of best practice.

The process involved reviewing the existing business planning procedures, understanding each team's current challenges, gaps and opportunities and developing and refining a proposed framework, process and accompanying guidance material. Significant internal consultation and support was provided in the lead up to the introduction, and this will continue throughout the coming year as the roll out process continues.

Key objectives of the process included:

- Delivering efficiencies to the whole organisation in business planning, measuring and reporting processes.
- Production of an annual business plan for each team. These contain the agreed priorities and actions to be implemented, measured and reported throughout the year.
- Introduction of a sound reporting framework for each team's priorities and actions, strategic plan progress and other organisational accountabilities.
- A streamlined, automated reporting process which aims to capture information once to meet multiple reporting requirements.
- Benchmarking key services and activities against relevant industry standards to provide evidence of best practice each year.

Other achievements for the year included:

- Delivery of the Southern Metropolitan Regional Management Community Planning Workshop. This resulted in identifying priorities for local and state government authorities, departments and agencies in the region for the upcoming year.
- Coordination of the Transport Disadvantage and Social Exclusion in Outer Metropolitan Areas public forum involving Interface Councils.

- Delivery of the Community Partnership funding program.

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 and refining the Mayor and Councillor support administrative processes to ensure they are efficient, effective and meet Councillor requirements.

The coming year:

- The team will 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 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.
- An automated reporting process will be introduced to streamline reporting across the organisation.
- A mid-cycle review of the Shire's Strategic Plan will continue into the coming year. Ongoing exploration of Council priorities, assessment and analysis of strategies and subsequent refinement of performance indicators will be carried out as part of the review.

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, Team Telegraph 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:

The Black Saturday Bushfires were a terrible example of the danger faced by many parts of Australia by bushfires, but also acted as a timely reminder of the need for our community to be prepared.

As well as the important physical works required to reduce bushfire risk (vegetation trimming, back burning etc), it is vital that the community is well educated in how to reduce their exposure and how to respond in the event of a fire taking hold.

To this end, the Communications team worked closely with other Shire departments and the Country Fire Authority to produce a range of information material for our residents, including:

- A fridge magnet with important information on what to do in the event of bushfire, delivered to every property via *Peninsula Wide*.
- An updated Fact File for customer service reflecting changes to the state government regulations on vegetation trimming and removal on private properties.
- A regular column on fire safety in *Peninsula Wide*.
- Regular updates in the Shire's *Continuing the Climate Change Conversation* newsletter.

A lot of effort was also directed towards the information contained within the Shire's website, ensuring it was user-friendly and easy to navigate.

Former Victorian Police Chief Commissioner Neil Comrie was employed by the Bushfires Royal Commission to review local government websites for their effectiveness, and highlighted Mornington Peninsula as one that other Shire's could learn from:

"The Mornington Peninsula Shire website contained all bushfire information on one page, saving the user from having to navigate through numerous links. The site provides a good model that could be included in a template for all municipal websites."

Other achievements for the year included:

- The production of seven *Peninsula Wide* newspapers, six *Continuing the Climate Change Conversations* newsletter, and five editions of *Team Telegraph*, the Shire's employee 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.
- The production of a booklet *The 100+ Things We Do*, highlighting the wide variety of tasks undertaken by the Shire.
- 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.
- Re-development of the Shire's innerweb allowing greater communication between staff and easy access to corporate information and policies.
- 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.

CEO's OFFICE

Team Support & Development

The Team Support & Development team is responsible for ensuring the organisation has the human resources and skills necessary to deliver its services to the community. They develop and maintain organisational culture which supports the Peninsula Way, keeps staff healthy in the workplace, 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 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.
- Team development – coordinating organisational development projects and facilitating best practice process reviews.
- Health and safety – fostering a whole of organisation environment that supports a positive health and safety culture.
- Recruitment – attracting and assisting with the selection of the most suitable people for employment.
- 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.

Highlight:

In 2009 the team facilitated a comprehensive staff climate survey of all staff which measured employee engagement. Measuring the level of employee engagement is considered to be best practice in people management. The survey was conducted using recognised technology with an overall organisational satisfaction rating of 72 per cent. This result is above the Australian average of 69 per cent and represents the highest local government result in the past two years and the equal best in five years.

Follow up on the results and reporting back to staff was a critical next step in the survey. Analysis of the results for each team was undertaken and then presented back to all team members in specially convened and facilitated forums.

The positive results provided the opportunity to explore all aspects of work at the Shire that contribute to such a high level of engagement. It also provided a starting point for identifying underlying concerns that, when resolved, will lead to continued performance improvement.

An action plan, developed and implemented by teams was the outcome of meetings which will be used to improve corporate performance.

Other achievements for the year included:

- 541 individual learning and development plans were received as part of the organisations performance review program. From the plans received, a corporate

training program was developed which saw 39 programs conducted with 2,706 participants.

- Workhealth and safety training programs are an important tool for Shire staff. Throughout the year 15 programs were conducted with a total of 422 participants.
- Tertiary assistance was provided to 40 staff within the organisation that undertook study.
- Six team members across the organisation participated in the Local Government Management Challenge
- Staff health and wellbeing are a priority of the organisation. As part of health and wellbeing promotion, a number of events are held across the organisation. 259 employees attended free health checks and were given immediate feedback on their results. The pedometer challenge was again conducted during the year which saw 173 staff compete in 22 teams from all teams within the organisation. This event is beneficial not only in promoting fitness, but team building.
- The Wal Morrison Traineeship program is still running. This year saw five more trainees complete the program, which now brings the total to 40 since the programs inception in 2002.
- In total, 98 position vacancies were advertised. In keeping with the Shire's policy of 'growing our own', 30 of these vacancies were advertised internally only. Of the 98 position advertised, 3,508 applications were received.
- Peninsula Way best practice reviews were conducted for Social Planning and Community Development, Childcare, Volunteering and Revenue 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 team will review the Workcover administration and reporting system.
- The organisations Performance Development Review program will be streamlined into the Corporate Planning & Projects team's Business Planning, Performance Measurement and Reporting process (see page 14).
- Policy review will be undertaken on tertiary education, recruitment and motor vehicles.
- Induction procedures will be reviewed, as will the skills and competencies framework.

SUSTAINABLE COMMUNITIES

Aged & Disability Services

The Shire's Aged & Disability Services team provides excellence in community care through advocacy and strong leadership. The 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 as independently as possible.
- 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 Commonwealth, State and Local Government.

Highlight:

The Bushfire Royal Commission interim report provided a clear direction for greater efforts needed to protect human life during bushfire season. This resulted in the Aged & Disability Services team dedicating significant resources toward planning for the distribution of information on preparing for extreme weather occurrences, including heatwaves and bushfires, for older people and people with disabilities in our community.

Additional funding from the Department of Health saw all Home and Community Care (HACC) clients receive a summer season information kit on how to develop personal emergency plans for how they will prepare for and in the event of bushfire or extreme heatwaves. Assistance was also provided to those who required help to develop their plan in the absence of family members.

The team was involved in considerable planning prior to the summer months to develop heatwave and bushfire response plans, which were tested for the first time on 11 January when state government notified of a 'day of extreme heat' in which temperatures were expected to exceed the heat health threshold. As part of the Aged & Disability Services response, close to 400 phone calls, some leading to follow up home visits, were placed to vulnerable clients, ensuring they were not at risk of heat related illness.

Feedback from older residents in the lead up to, and during the summer months, has been overwhelmingly positive, with many feeling they are able to better cope with extreme heat and the threat of bushfires. This was due to the receiving both practical information and support from the Shire.

With the frequency, severity and duration of heatwaves and bushfire predicted to increase in the future as a result of climate change, the team will continue to refine heatwave and bushfire response plans to assist the community in preparing for these extreme weather events.

Other achievements for the year included:

- The team was also responsible for the following:
 - 2,000 new referrals.
 - 2,500 in-home assessments and reviews.
 - 160,000 hours of home/personal/respite care which was an increase of 5,000 hours on last years figure.
 - 90,000 delivered meals.
 - 4,200 hours of home maintenance and modifications.
 - 8,300 community transport passenger trips, which was an increase of 1,300 on last years figure.
 - 6,500 hours of activity programs.
- Successful advocacy for equity in HACC growth funds enabling the team to respond to an increase in demands and provide an additional 5,000 hours of in-home support services.
- Successful advocacy for increase in annual indexation rates in 2009-2010 to 3.14 per cent to keep pace with actual costs of service delivery. This was an increase from 2.9 per cent in 2008-2009.
- A comprehensive review of risk assessment process and control measures for home care workers.
- Review was undertaken on the Shire's Elder Citizens Strategy as well as preparation for the development of a Positive Ageing Strategy.
- The Dial-A-Bus service which provides door-to-door transport for older people and people with disabilities was expanded to cover Somerville/Tyabb, Mount Martha and the Rosebud West/Rye/Tootgarook areas. A partnership with State Trustees has also seen the continuation of the Southern Peninsula Dial-A-Bus.

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 home 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:

- An additional two home care workers will be created to provide additional support to the current six HACC teams who currently coordinate care for 4,620 clients.
- Continued expansion of community transport programs to ensure all peninsula residents have suitable options to enable them to fully participate in community life.
- Development 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 assist with funding.
- Integration of the Department of Human Services strategic direction, Active Service Model, into all aspects of service delivery.

SUSTAINABLE COMMUNITIES

Child, Youth and Family Services

The Child, Youth and Family Services team support, nurture and develop 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:

- Youth services including one-on-one support for young people and their families, personal development and leadership programs, after school and holiday programs for high school aged youth, operation of the Shire's youth centres *YLounge, Shed11 and Beachcomber*, and numerous programs, music events and skills training.
- Communities that Care, building safer neighbourhoods for children and their families.
- Maternal and Child Health and immunisation services.
- Best Start program which aims to improve health, wellbeing, learning and development of children aged 0-8 years.
- 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.

Highlight:

Engaging parents on the peninsula to attend parenting information sessions is a challenge that the Youth services team faces throughout the year. Family commitments, working hours and other commitments all contribute to a busy lifestyle of today's parents. With this in mind, the youth services team decided to create 'family nights', where all members of the family could attend, to eliminate the need for baby sitters.

The family night program was launched in Hastings during the year, where typically a low participation rate in parent nights is recorded. The youth workers developed partnerships with a range of other services and agencies to create a program that would cater to all family members. The evening commenced with a barbeque dinner before families rotated around small workshop stations, including cyber bullying, family relationships, managing anger with tact, fire evacuation planning and conflict resolution.

Feedback from the initial program was overwhelmingly positive with many parents returning evaluation forms detailing changes they are implementing within their families. The positive response to the program has seen its expansion to include a family camp, and this new innovative approach will be initiated into other townships across the Shire in the coming year.

Other achievements for the year included:

- Creating and distribution of the Mornington Peninsula Parents Alcohol and Drug Resource Book to parents of all year 7 students in 13 secondary schools.
- Creation and national distribution of an educational package titled *Schoolies – So Many Choices*.

- A third school holiday program was implemented at Bentons Square in April 2010 to accommodate an additional 30 students to address increased demand for vacation care places.
- The Municipal Playgroup Strategy 2009-2011 was completed.
- Successful implementation of the new revised Key Ages and Stages framework and Young Parents Program including a Facebook group.
- A capacity assessment was undertaken of 28 kindergartens to assess their ability to meet early childhood sector reforms.
- Establishment of the Rosebud West Early Years Network.
- The annual community grant scheme provided grants to 41 community groups for creative and innovative projects that benefit residents of the Shire.
- Ongoing funding of \$100,000 per year for the Best Start program to assist with better access to child and family support, health services and early education, improvement in parents' capacity, confidence and enjoyment of life and to develop a community that is more child and family friendly.

Challenges:

- The youth services team faced the closure of the commonwealth government's YOULINKX program along with a declining level of commonwealth funding while dealing with an increase in the population of young people on the peninsula.
- An ongoing shortage of Family Day Care Careproviders, leaving shortages to families looking for childcare alternatives.
- Recruitment of suitably qualified and experienced team members to meet growing demands for services in the early years sector.
- 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.

The coming year:

- Review will be undertaken of the six Communities That Care Local Area Plans and implementation strategies.
- An emphasis on the creation of new youth programs for areas of increasing youth population.
- The team will be working toward a centralised waiting list of all Shire child care services.
- Targeted promotion will aim to increase Family Day Care Careprovider numbers to make up for the shortfall in childcare availability.

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:

The launch of MPRG's major summer exhibition *Master Landscapes of the Mornington Peninsula: 1800 to the present* was the culmination of over five years of planning which assembled and displayed in their entirety for the first time major artists including Eugene Von Guerard, Nicholas Chevalier, Louis Bovelot, Arthur Streeton and other notable Australian contemporary artists.

Launched in December by Councillor David Gibb in his first official role as Mayor, this extraordinary visual feast, comprising major works of art depicting the peninsula landscape, received comprehensive coverage in The Age and local newspapers. It subsequently attracted outstanding crowds with visitors coming from the local community and further afield.

The exhibition grew out of the Artist's Retreat series of programs which have been presented at the gallery since the late 1990's. It was designed to take the best works of art produced by Australian artists working on the peninsula and showcase them in a focused exhibition.

The *Master Landscapes* exhibition consolidated the gallery's reputation in the public gallery sector as a leader in the display and presentation of high calibre exhibitions and strengthened its capacity to secure loans of major works of art held in both Australian and international collections. This means MPRG will be able to build upon its successes and move forward strongly and confidently in the knowledge that requests for content for future exhibitions will be looked upon favourably.

Other achievements for the year included:

- Introduction of WiFi at library branches which allows members to bring their own laptop computers into the libraries and access free, high speed internet during

opening hours. Launched in March, this service was funded by the state government initiative to provide public access to the internet and has been enthusiastically embraced by library members and has also encouraged non-users to the service.

- Introduction of the Yoututor initiative which provides free, safe, online tutoring via the Our Library website at: <http://ourlibrary.mornpen.vic.gov.au>, to secondary school students with a library membership. The Yoututor membership drive has resulted in over 400 Somerville Secondary School students joining Our Library.
- The Our Library website was updated with new design and functionality, providing easy access to the library catalogue and information databases 24 hours a day, seven days a week. Included are online membership applications, which have now reached more peninsula residents than previously achieved.
- Our Library marketing publications were redesigned to provide a fresh, professional and up-to-date dissemination of information to the peninsula community.
- MPRG delivered 21 exhibitions throughout the year, including more than 600 works of art. Included was the development of the *National Gallery Works on Paper* collection, the *Artists Retreat* series and the highly successful *Master Landscapes of the Mornington Peninsula: 1800 to the present* exhibition, amongst other contemporary and specialist artworks.
- Initiation and delivery of over 40 public programs and events at MPRG.
- Completion of the draft Local History Development Plan.
- Significant local history artefact assessment workshop funded by the National Library Community Heritage Grant.
- Arts and cultural engagement projects for peninsula youth which featured increasing student awareness of climate change through the Climate Change Banner Project and Artcards Projects which invited young people to make works on postcards to address climate change.
- Launch of the Arts on the Peninsula blog which is being utilised by arts and cultural groups across the peninsula to communicate exhibitions and events.

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.
- Future replacement of the mobile library vehicle including restructuring of its weekly schedule to meet the needs of our outlying peninsula communities. Also included will be WiFi internet access to improve current connectivity concerns.
- Scoping of a future Local History Resource Centre as part of future library redevelopment planning in order to provide enhanced access to and conservation of local history artefacts.
- Completion of the 2009-2010 Strategic Planning Projects for MORG focussing on future building and program development, marketing, fundraising and new technology applications.
- Planning and implementation of the 2010-2011 Festival of Arts and Ideas to meet a broad range of community interests in both areas of arts and literacy.
- Finalisation of an updates Arts and Culture Strategy that enhances access to arts and cultural experiences for the peninsula community.

The coming year:

- The team will look to complete a number of strategies that will lay the groundwork for future development including MPRG Directions Strategy, Arts and Culture Strategy, Local History Development Plan and Library Millennium Plan.
- Review current technology services to determine future directions and developments, including delivery of fast broadband internet, e-books and the cost benefit of automated lending systems.
- Refreshing library buildings to create a sense of place and welcoming with vibrant colour schemes and new logos representing each community.
- Continue to develop and implement learning and information programs of excellence across all areas of libraries, arts and culture for the whole community.

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 manage 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 (PCT).
- Strategic recreation planning.

Highlight:

The Recreation and Leisure team is responsible for the management of foreshore camping at three locations on the peninsula including Rosebud, Rye and Sorrento. Foreshore camping is extremely popular, with sites booked out well in advance for the camping season which runs from November to April with peak season being December to January.

An important foreshore camping initiative has been the establishment of a camping liaison committee which will provide an important feedback mechanism to the Shire. The committee was established early 2010 and is made up of 25 representatives comprising members from each of the camping precincts who meet on a regular basis with Shire employed camping staff.

The committee, together with the foreshore camping team, identify opportunities to develop shared responsibilities. This includes encouraging communication between campers and the foreshore camping staff through a variety of opportunities including the development of a communication strategy. The committee will provide feedback on operational practices and input into the forward planning of foreshore camping facilities. The committee members will be an important point of contact for campers in the section they are representing. It is envisaged that a secondary benefit of the committee will be direct interaction and rapport developed between committee members and foreshore staff.

Foreshore staff and all campers acknowledge the benefits of true partnerships and endeavour to promote good communication, trust with fostering and provide an environment of innovation and positive approach to solving issues. Feedback to date from the campers has been overwhelmingly positive.

Other achievements for the year included:

- 98 per cent of participants in an annual customer survey for Pelican Park Recreation Centre would recommend the park to family and friends.

- Mount Martha Public Golf Course saw close to 50,000 rounds of golf being played within the year. A broader range of services are now offered at the course to improve the golfing experience including a larger fleet of motorised hire carts.
- Major community events managed by the team included the Pet & Pony Expo which attracted 10,000 participants, the Australia Day Festival with approximately 60,000 people attending family-friendly activities across the shire and the Bay2Bay Cycling event for all ages. The team also participated in the New Years Eve 'No Nonsense, No Entertainment' strategy, ran free Community Event Planning Workshops which aim to educate organisers on risk management, event planning, delivery and evaluation and participated in corporate event sponsorships with \$52,000 cash and \$65,000 in-kind utilised to offset the cost of the Shire's community event budget.
- Major and minor works were also carried out at recreation and sporting facilities across the peninsula. These included refurbishment of Main Ridge Hall, refurbishment of Somers Pavilion, stage two refurbishment of Mount Martha House, Emil Madsen Pavilion extension, community facilities funding grant for Moorooduc Cricket Club, dual purpose netball/tennis courts installed in Mount Eliza and a new oval fence being erected at Bunguyan Reserve.
- The foreshore camping booking system was changed from balloted site bookings to historical preference bookings at Rye and Sorrento foreshores.
- Pelican Park Recreation Centre exceeded national benchmarking against similar facilities in other municipalities. The following table provides a comparison with a population range of 7,000 to 10,000 with a 25 metre indoor pool during 2008-2009.

Key Indicator	Pelican Park Rec Centre	Sample - Median
Visits per year	295,426	109,465
Visits per square metre	112	44
Gross Receipts	\$1,606,340	\$707,691
Expense Recovery	71 per cent	69 per cent

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 in relation to food, risk and traffic management becomes more complex, event organisers will require an increased level of support. There will be greater legislative and statutory controls placed on event organisers including restricting the types of events that can be held in Shire facilities.
- Ensuring compliance with new Country Fire Authority (CFA) regulations for the foreshore camping precincts.
- Securing a location and securing state and federal funding for the Shire's new Southern Peninsula Aquatic (SPA) facility which is planned for Rosebud.

The coming year:

- Exploration of the possible establishment of a swimming club to operate out of Pelican Park Recreation Centre.
- Expansion of opportunities for students to participate in programs at Mount Martha public golf course.
- Evaluate the Shire's community event program and implement programs and changes that reflect the community's expectations, industry trends and meet

changing legislative requirements. The team will also continue to provide support and education to event organisers.

- Investigation will be carried out to determine an appropriate location for the proposed Balnarring/Bittern skate park.
- A mini-masterplan will be developed for the proposed development of a BMX track and associated facilities at Hillview Reserve.
- Development of a strategy for renewal of ageing infrastructure for sport club facilities and foreshore camping.
- Implementation of a new operation model for Pelican Pantry training café in conjunction with Chilsholm Institute of TAFE to access federal government funding, recruitment and training support.

SUSTAINABLE COMMUNITIES

Social Planning and Community Development

The Social Planning and Community Development team aim to support and strengthen communities through social policy and community development actions including healthy places and spaces, healthy lifestyle choices, quality of life for all, support and promotion of active local communities and providing a sense of hope and belonging.

Key Responsibilities:

- Promotion of community participation and empowerment, social justice, equality and optimal health and wellbeing.
- Aboriginal support and development.
- Access and equity.
- Accessible and affordable housing.
- Responsible gaming.
- Social planning and coordination.

Highlight:

The Social Planning and Community Development team was involved in establishing an Aboriginal Gathering Place for the peninsula's indigenous community.

The use of two portable buildings at the old Hastings depot was approved and the indigenous community of approximately 650 will beautify the area by planting native trees and decorating.

The centre will be a drop-in meeting place for small groups and is located near a new Aboriginal Healing Centre within Warringine Park which will be opened later this year.

The gathering place is supported by closing the gap funding and Shire resources and will offer a number of health and other programs.

Other achievements for the year included:

- Aboriginal cultural awareness training for all staff and the community.
- Three philosophy café's on health and wellbeing topics were run across the peninsula, attracting 120 participants.
- A number of programs were run throughout the year, attracting large numbers. These included Neighbour Day as part of the Community Renewal Rosebud West, Condom Dialogues run in secondary schools, training sessions on the peninsula profile and population forecasts, Environment Day activities and the 3940 Arts Program in Rosebud West.
- Completed housing needs data and community and housing profiles for areas identified as suitable for social housing developments. The team also supported a number of successful social housing projects to provide affordable and accessible housing including 24 unit social housing developments for Rosebud and a service model for a rooming house of 40 rooms in Mount Martha.
- Celebration of All Abilities Week with over 100 people with disabilities attending the launch of the Peninsula Access Calendar 2010 and the Easy Read Volunteer Handbook. Other initiatives the team was involved in included providing funding and support for a community fair at Rosebud for 150 people with disabilities and

their carers, funding the Community Theatre Access for All Arts Project which provided four drama performances for people with disabilities, funded three discos in Mornington and offered support to the Disability Consultative Committee.

- Provided 80 carers with a day of workshops, pampering, catering and gift packs to celebrate carers week.
- Provided funding for a blind golf day at Mount Martha public golf course which included a facilitated golf clinic for people with visual disability, a round of nine holes of golf with a caddy and cart, and also lunch at the end of the day.

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:

- Finalising the Social Housing Development Policy to respond to increasing housing issues and guide Council decision making.
- Facilitating the Warringine Connections precinct working group to coordinate planning and development of services, infrastructure and activities.
- Working in partnership with the aboriginal community to develop Connection to Country.
- Development and promotion of the Aboriginal Gathering Place linked to Warringine Park, schools and aboriginal community groups.
- Printing and launch of the Disability Resource Guide for the peninsula.
- Finalisation of the Disability Action Plan.

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 are responsible for servicing 400 members and their 11 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:

Commencing early 2010, the team was involved in piloting the Mornington Peninsula Tourism Traineeship program for nine year eleven secondary school students which will run over a two-year period.

The program is structured around a school-based apprenticeship model, where students undertake on-the-job training, completing Certificate II (in the first year) and Certificate III (in the second year) in Tourism while completing their VCE/VCAL. The program will host the students at four different local tourism operators throughout the two year period.

The program was developed due to tourism operators struggling to attract and retain high quality local young people as employees. While young people generally see the local tourism industry as an employment option for casual work during school and further education, the opportunity of the industry being a long term and viable career option is often overlooked.

Businesses participating in the pilot program for 2010-2012 are Woodman Estate, Point Neoean National Park, Blue Mini Café, Peninsula Hot Springs, Lindenderry Estate, The Baths, Moonah Links, Mornington Peninsula Visitor Information Centre and Frankston Visitor Centre.

Mornington Peninsula Shire has developed the traineeship in partnership with Mornington Peninsula Tourism, Regional Industry Career Adviser, Frankston and Mornington Peninsula Local Learning Employment Network, Southern Suburbs Group Training and FS Learning.

Other achievements for the year included:

- Development and exhibition of Draft Concept Plans for a Western Port Car Ferry Service which attracted 900 feedback responses.

- 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, the only Shire in Australia to achieve national recognition.
- Council Adoption of the retail Special Charge Scheme for Mornington to help traders develop and maintain a vibrant retail district.
- Appointment of a Rural Business Officer to undertake an agricultural audit of rural activities across the Shire.
- Attaining 44 per cent increase in Tourism Victoria Grants, from \$135,000 to \$195,000 and raising \$600,000 from industry in cooperative marketing campaigns.
- Support for the International Cool Climate Wine Show whereby 700 entries are received from across Australia and New Zealand.
- Conducting the 2009 Careers Expo where over 50 exhibitors and 2,000 attendees met.
- Receiving \$65,000 from the Victorian Taxi Directorate to improve safety at Mornington and Hastings taxi ranks.
- Introduction of the Experts in Residence mentoring service which is exceptionally well supported regionally.
- Supporting the inaugural Mornington Peninsula Olive Oil Awards.
- Management and administration of 4 retail Special Charge Schemes in Hastings, Sorrento, Rosebud and Mt Eliza.

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 Country Victoria Tourism Council.
- Supporting 11 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.

SUSTAINABLE ENVIRONMENT

Strategic Planning

Strategic planning involves thinking about the future in a way which is both critical to addressing current and emerging problems, and creative to building opportunities, and then translating into plans and policies which guide the Shire's decisions and actions. The team seeks to engage the community in the planning process with a goal of moving towards a Sustainable 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 team has worked tirelessly for the approval by the state government of Amendment C95 which provides controls to guide development in and around the town centre of Mornington and is a major step toward the implementation of the Mornington Activity Centre Structure Plan.

Amendment C95 introduced mandatory height controls, with a three storey limit on Main Street, Mornington and requirements for upper setbacks to maintain the 'open to the sun and sky' character of a coastal village.

The approval of C95 represents the ability of Council to strongly advocate for the aspirations of the local community and successfully demonstrate to the state government the possibility to address state policy concerns in a way that is responsive to the individual character, role and functions of the peninsula's townships.

The amendment is significant as it has provided an immediate framework for future applications and a greater certainty for public investment such as streetscape works.

Other achievements for the year included:

- Adoption of a number of plans including the Schnapper Point Framework Plan and Recognising the Heritage of Ranelagh Conservation Management Plan.
- Exhibition of the Draft Sorrento Recreational Boating Plan, Ocean Beach Road Sorrento Streetscape Concept Plan, Draft Rosebud Structure and Coastal Management Plan, Mornington North Outline Development Plan and the Environmental Management Best Practice Guidelines.

- Approval of amendment C84 which introduced local policy based on the Mornington Peninsula Activity Centre Strategy.
- Adoption of C101 Flinders and C103 Shoreham villages centre design control amendments.
- Completion of the Mornington Main Street Streetscape Design Framework.
- Submission in response to the state government review of the Planning and Environment Act 1987.
- Approval of a number of amendments including the Flinders College amendment, the Rye 'Eldercit' amendment, and interim amendments including the Heronswood amendment and the interim amendment in relation to Camping and Caravan Parks in the green wedge.

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:

- The development of more performance requirements in relation to the Minister's non-approval of Amendment C87 for Mount Eliza Woodland area.
- Exhibition of the interim policy in relation to caravan park accommodation to create a permanent amendment.
- Policy review in relation to new dwellings with the green wedge.
- Creation of a Housing and Sustainable Settlements strategy which will be linked to the state government's housing requirements program and will define housing targets for the peninsula, applying best practice to the assessment of current and potential development patterns.
- A review of all areas within the Low Density Residential Zone which is funded by the state government.
- Development of new guidelines by the Design Advisory Panel to ensure proper neighbourhood character and design response processes are followed by applicants.

- A comprehensive staged review of heritage classifications is being undertaken, with results for the Mornington area scheduled for completion in the coming year. In the interim, greater access to heritage information will be provided on the internet.
- A comprehensive fauna survey and development of fauna atlas is being undertaken. 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.
- Rosebud, Hastings and Mornington Coastal Management Plans will be placed on exhibition for public input. The Mornington plan will need to be staged to avoid duplication of a current Environmental Effects Statement process associated with a safe boat harbour proposal.
- Ensuing community concerns are addressed in relation to the Port of Hastings 'green port' proposal.

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.

Highlight:

In light of the unprecedented wildfire events of Black Saturday in early 2009, the team implemented a number of new initiatives in response to the community's concerns relating to the year's fire season 2009-10 .

The establishment of two Neighbourhood Safe Places in accordance with the state government plan were determined for Rye Foreshore and the Blairgowrie shopping precinct. These safe places are to be used as a last resort for those who are unable to implement their fire evacuation plans and leave the area and provide an area safe from radiant heat, although cannot guarantee a persons safety.

Bushfire and wildfire information was prominent of the Shire's website so that the community had instant access to information in event of a fire. The information also included fire management and safety implementations prior to wildfire. This ensured our community was in the best possible position to deal with the 2009-10 bushfire seasons and the seasons that will follow.

In a submission to the Royal Commission on Bushfires, Mr Neil Comrie AO recommended the Shire's website on fire prevention issues a good example other municipalities could follow.

No major wildfires occurred within the Shire even though a number of Total Fire Ban days were declared. The Shire did not have a Code Red fire danger day, the highest possible fire danger rating, declared for the 2009-10 season.

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.
- Exploration of new methods of dealing with illegal dumping and littering.
- The Community Animal Shelter cared for more pets than ever before and assisted in many pets being reunited with their owners. The team also spent a considerable amount of time on promotion of responsible pet ownership to reduce the number of roaming animals.
- Working closely with the Shire's IT departments to help the administration team effectively use corporate applications to assist with increased workloads.

Challenges:

- Implementing the interim findings of the Royal Commission into Bushfires of 7 February 2009, whilst meeting the community's continued expectation for increased services and information.
- Preparing for and implementing changes for the new Public Health and Wellbeing Act which replaces the Health Act and changes to the Food Act.

The coming year:

- Response to the Bushfire Royal Commission final report which is likely to impact on the manner in which services are provided.
- Changes are predicted for the Domestic Animals Act which places greater responsibility on Councils to deal with restricted breeds and dangerous dogs.

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.
- Develop and implement initiatives and special projects related to continuous improvement.

Highlight:

The Statutory Planning team is seen to lead the way in providing learning and development opportunities for team members and students. The Australian-wide shortage of skilled staff in the planning industry has driven various initiatives related to the notion of 'growing our own' workforce.

Given the unique nature of the Shire and our location relative to metropolitan Melbourne, the team faces challenges in recruitment and retention of team members that many metropolitan municipalities do not. The objective of 'growing our own' includes up-skilling team members, as well as providing work experience and work placement opportunities for local secondary school and university students. The concept of 'growing our own' further enhances the Shire's commitments to its long term people planning strategy.

Three statutory planning team members have successfully completed the Planning Institute of Australia's (PIA) Planning Assistant Trainee Program which provides the opportunity to team members without formal planning qualifications to pursue university studies.

The team successfully gained funding from the Planning Institute of Australia and the Municipal Association of Victoria for two student interns to work within the unit alongside experienced planning staff to further support their university studies.

The team also successfully piloted Certificate IV in Local Government (Planning) with Swinburne University which is now delivered to a number of other Councils.

Over the past 12 months, the team has also created a program that involves visiting local secondary schools, promotion careers in planning. This provided an opportunity to not only

highlight planning career paths, but to also raise awareness of land use issues on the Mornington Peninsula.

Other achievements for the year included:

- Staff restructuring and the establishment of a designated team to expedite routine planning applications.
- Engagement of local industry professionals through the initiation and establishment of a regular published newsletter.
- Organising and facilitating information and advisory sessions with industry stakeholders including sessions relating to the new Wild Fire Management Overlay.

Challenges:

- Responding to federal and state government initiatives including:
 - Legislative changes (introduction of Wildfire Management Overlay and introduction of 10/30 vegetation control.
 - Nation building.
 - Social housing.
 - Major retail applications including ALDI and Woolworths.
- The ongoing operational challenge of recruiting qualified planners within an environment where it is recognised that a shortage of such planners exist.

The coming year:

- Continue to develop and strengthen the 'grow your own' strategy to ensure the team is appropriately resourced to deliver the highest quality of service.
- Provide sufficient learning opportunities to up-skill staff members.
- Through the team's program review strategy, identify ways and means 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.

SUSTAINABLE INFRASTRUCTURE

Infrastructure Maintenance

The Infrastructure Maintenance team is responsible for coordinating the delivery of reactive and preventative 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:

A severe weather event occurred mid-April, bringing with it high volumes of intense rainfall over a short period of time. Within a four hour period, the townships of Mount Eliza, Mount Martha, Mornington, Tyabb, Somerville and Hastings received approximately 80mm of rainfall. This high volume, intense rainfall, put pressure on stormwater drainage systems, which are not designed to cope with such a high volume of rainfall in a short period of time.

The maintenance team, using heavy drainage equipment, responded to sites that were threatened by flooding. Very few calls were received from flooding 'hot spots' which are areas that are regularly inspected and cleaned as proactive preventative measures to manage the potential risk of flooding. The calls received from the public were predominately related to the sheer volume of water in a short period of time, and geographical issues such as low laying land, rather than drainage blockages.

One issue which became clear after the rainfall event, was the many unsealed driveways and roads which washed onto sealed roads. As well as impeding function of kerb and channel, the gravel and road material was also found in a number of side entry pits, impeding flow and presenting problems in pits that needed to cope with the influx in water volume. The clean-up and recover from this single brief event continued over two months following the event.

Other achievements for the year included:

- Fire management continued to be a major issue for the team. A strong integration and 'one team' approach was undertaken, including working with other agencies to ensure the peninsula was kept safe during times of high fire danger.
- Increased demand on services provided was due to the busiest tourism season in history. An estimated 25 per cent more visitors were on the peninsula over the summer season, which directly impacted on the need for street sweeping, public toilet cleaning, beach cleaning, litter collection and footpath sweeping. More than 20,000 litter bins, waste bins and recycling bins were emptied throughout January.
- Reduction in the use of portable water through water conservation initiatives continued throughout the year. This included conversion of sporting field turfs to summer tolerant grass, installation of stormwater collection retrieval and reuse

systems at active reserves and use of synthetic grass tiles for cricket pitches. It also included installation of integrated weather based irrigation control systems which provide ongoing hourly monitoring of weather conditions. This data was also provided to the CFA during times of high fire risk. These initiatives have seen water consumption for sporting fields drop by over 90 per cent from over 80 mega litres per year in 2001-2002 down to less than half the 28 mega litres per year as permitted by South East Water.

- Review of the Shire's 117 existing Fire Management Plans was undertaken and commencement of draft additional plans was undertaken, mainly for small reserves on the peninsula.
- Extensive fire management works were undertaken in the Shire's bushland and minor reserves following an increase in the fire management budget from \$750,000 to \$1.5 million. The Shire's 50 Bushland Friends Groups and nine Landcare Groups contributed to the reduction of fire fuel in bushland areas across the peninsula.
- More than 3,000 primary school students, teachers and parents attended Environment Week activities.
- The Briars and Warringine Park hosted a successful Green Corps team for six months, achieving amongst other things the construction and storage and nursery facilities, fencing, new paths and the planting of over 9,000 trees.
- The Shire Nursery continued to improve with an expanded range of indigenous and native plants which resulted in increased sales figures. It also continued to provide training opportunities including work experience and TAFE placements, volunteering opportunities and school and group visits.
- A three-yearly review of the Municipal Emergency Management Plan was undertaken and approved following an audit by the State Emergency Service.
- The Shire's vehicle fleet has seen an increase in the number of four cylinder vehicles and the decrease in the number of six cylinder vehicles which has resulted in a reduction of greenhouse gas emissions. This reduction will continue as more six cylinder vehicles are replaced with four cylinder vehicles. Up to 50 per cent of the Shire's emissions are then offset through tree planting under a carbon sink scheme.

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 levels of vandalism and graffiti.
- Increased tourism putting pressure on service levels including cleansing.

The coming year:

- Additional funding has been provided for the coming year for fire management. This will be used for vegetation clearance works on roadsides, under powerlines and for engagement with and education of the community in relation to fire management.
- Continuing to explore the opportunities to be innovative and responsive to changing infrastructure maintenance needs which applying accountable fiscal management to ensure expenditure is within available operating budgets.
- Continue to progress Best Value options for delivery of long-term, value-for-money, strategic and integrated Sustainable Infrastructure Maintenance Services (SIMS) beyond March 2013.

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 currently compares its asset management performance against other municipalities in the state with particular emphasis on comparison to other interface Councils. This benchmarking is undertaken as part of the Municipal Association of Victoria (MAV) Advanced Step Program and includes each municipality being assessed on ten elements of asset management including long term planning and risk management.

The Shire has shown distinct improvement over the past years in most assessed areas.

The team has utilised knowledge gained from the gap analysis and benchmarking comparison and a number of further improvement opportunities have been identified for development.

The existing MAV Advanced Step Framework will soon be replaced with a new National Local Government Asset and Financial Management Assessment Framework. This will enable the comparison of councils from all over Australia utilising a nationally consistent approach. Each council will submit reports to the Australian Centre for Excellence for Local Government on asset management, financial planning and reporting.

These initiatives will encourage the team to continue to improve its asset management performance which in turn will enhance the sustainability of the Mornington Peninsula Shire.

Other achievements for the year included:

- Launch of the Hastings, Rosebud and Mornington bicycle user groups.
- Initiation of the Red Hill to Dromana school holiday bus service.
- Commencement of a Hastings to Mornington cross-peninsula bus service trial.

- Adoption of the South East Integrated Transport Group (SEITG) Regional Transport Strategy.
- Initiation of a traffic modelling study for the Mornington Peninsula.
- Completion of a number of policy and strategy reviews including the Contributory Scheme Policy review and the completion of Peninsula RoadSafe a Mornington Peninsula Shire Bicycle Strategy.
- A number of Special Charge Schemes were completed and implemented including Wonderland Terrace Mount Martha Road Scheme, Barkly Street Mornington Road Scheme, Tintagel/Freeman Road Mornington Road Scheme, St Johns Wood Road Blairgowrie Footpath Scheme and Weeroona Street Rye Footpath Scheme.
- Securing \$1.5 million in federal funding to fix blackspots at a number of intersections across the peninsula. These included Elizabeth and Herring Streets Hastings, Church and Victoria Streets Hastings, High and Queen Streets Hastings and Melbourne and Hughes Roads Sorrento.
- Footpaths were completed as part of the Shire's Footpath Construction Strategy at a number of locations including Bayview Road Rosebud, Betty Avenue Mount Eliza, Nepean Highway Mornington (Bentons to Strachans Road) and Bungower Road Somerville (Jones Road to Stony Point railway).

Challenges:

- Implementation phase of the Peninsula Link project.
- Initiation of new road contributory schemes under the reviewed policy.
- Implementation of the 'targeting high crash risks on local roads' policy.
- Implementation of Phase 3 of Transport Connections.

The coming year:

- Adoption of the Sustainable Infrastructure Asset Management Policy.
- Development of asset management plans for the Shire asset classes.
- Development of the Shire Public Toilet Strategy.

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, sporting pavilions, 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.

Highlight:

In the past the team has recognised the joint pressures of an ageing drainage infrastructure, an end to the drought and the future climate change impacts including higher intensity storms and rising sea level.

As a result, the team has developed the Local Integrated Drainage Strategy. A key input to this strategy is data, particularly with regard to predicting future flooding so that works can be undertaken ahead of time.

In partnership with Melbourne Water and the Department of Sustainability and Environment, the team is now using a new type of information to compile predictive flood mapping for the Shire's various catchments.

The Shire is the only municipality working with Melbourne Water in collaborative flood mapping, equally sharing the costs of the project.

The outcome of the strategy will see the community better informed about flood risks and how they can reduce the impacts. It will also ensure effective targeting of community funds to the areas where works will have the most benefit.

It is expected the program and associated works will form a model to be replicated across the state.

Other achievements for the year included:

- Securing external capital funding of over \$6 million, including over \$5 million obtained through competitive bidding processes.
- Implementation and use of a contractor verification system IPROlive. This Shire, in collaboration with City of Greater Dandenong and Frankston City Council, was the first to introduce the system into local government. This has led to numerous invitations to present to the Municipal Association of Victoria (MAV) and industry conferences.
- Development of Contract Procedure Manual which has been distributed to other municipalities as a useful resource.
- Attendance to a number of industry workshops in relation to reforming regulatory services for Building and Construction Site Management. The project objective is to

improve efficiencies and relationships with sit managers and representatives which should reduce the impact of building works on public safety, assets condition, local amenity and the environment.

- The introduction of a new program Landslip Hazard Mapping which aims to identify landslip risks across the peninsula. The computer model assess slope stability data and previous geotechnical investigations to predict areas which may be at risk of land instability. The information will be used in Environmental Management Overlays within the Mornington Peninsula Planning Scheme to provide more certainty to land owners and developers. The team is the first within local government to undertake this type of investigation.

Challenges:

- The continued delivery of millions of dollars of government grant funded projects on top of the Shire's usual capital works program.
- 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 coming year:

- Coordination of public works through Works Centre, an online database of all public works and events occurring across the peninsula to allow for better coordination between utilities and private developers. The Shire is a foundation member of Works Centre.
- 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.

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 launch the Eco Living Display Centre, located at the Briars in Mount Martha.

The centre, which aims to show residents how they can retrofit their homes to make them more sustainable, is open to the public three days per week.

Over 80 per cent of the peninsula's houses are over 30 years old. With this in mind, the team thought it was beneficial to have 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.

The house that forms the basis of the centre was donated to the Shire in 2008 and was relocated to the Briars. Work on the house was substantially completed by January 2010, with relocation and rebuilding works funded by the Shire and the Federal, Regional and Local Infrastructure Fund.

The house is a popular stop for residents and community groups who have found it helpful when considering renovations or smaller changes to their homes.

Other achievements for the year included:

- The coordination and implementation of group purchasing schemes for solar power, solar hot water and rainwater tanks.
- The development and adoption of the waste strategy which is currently being implemented.
- Purchase of green power for street lighting on the peninsula and Council buildings.
- The implementation of recycled water schemes including the Boneo Recycled Water Scheme and the Mornington to Tyabb Recycled Water Scheme.
- Implementation of water conservation programs at Shire offices.
- The introduction of a wind monitoring program to determine if wind power is feasible at selected sites on the peninsula.

- Continued operation of waste transfer stations and landfill and green waste processing.
- The Cities for Climate Protection program saw the Shire exceed its Milestone 5 target, achieving an 83 per cent reduction in greenhouse gas emissions since 2002. The adopted target was 35 per cent.

Challenges:

- Carbon Pollution Reduction Scheme abandoned by the federal government.
- Environment Protection Authority increased its landfill levy by up to 233 per cent for waste going to landfill.
- Contract development to operate the landfill, transfer stations and green waste processing.
- Opt-in kerbside green waste contract development.
- On going research into sea level rise and storm surge, and understanding the impacts on the Shire's coast. The methodology to undertake coastal vulnerability assessments is still being developed.
- Increasing costs for green power and water.
- Council's submission to the review of Regional Waste Management Groups in Victoria.

The coming year:

- New waste contracts will become operational including new waste minimisation targets and a new re-sale shop to be established in Rye.
- The Mornington-Tyabb Recycled Water Scheme will become operational, providing recycled water to Civic Reserve, Mornington Racing Club and Dallas Brooks Reserve, Mornington.
- A new Climate Change Community Engagement Officer will be employed who will be responsible for running programs out of the Eco Display Centre at the Briars.
- An Energy Efficient Street Lighting business case will be developed.
- Baseline data will be established for the Sorrento township and a business plan developed to move the township toward being a Zero Emissions Neighbourhood (ZEN) as part of a grant application to the state government.
- A pre-feasibility study will be completed for the Tyabb and Somerville areas as part of the Bunyip Food Belt program.
- On-going retrofitting of water saving devices to Shire buildings as part of the corporate water program.
- A trial of electric vehicles will commence as part of South East Climate Change Councils Association.

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.

Highlight:

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

Other achievements for the year included:

- Management of the Strategic Resources Plan which includes both financial and non-financial resources required to achieve the strategic objectives included in the Shire Strategic Plan for 2009-10 to 2012-13. This forms part of the Shire's ongoing financial planning to assist Council to achieve financial stability in the medium to long-term. The plan was updated for the remaining balance for the consequential effects of the 2010-11 budget.
- Management and development of the Annual Budget where Council strives to understand community needs, expectations and priorities. The budget seeks to source external funding, utilise community partnerships, optimise value and make judgements about affordability.
- Preparation of the 2009-10 Financial Reports, consisting of financial statements and notes to the financial statements (included in this annual report). The Financial Reports are required to comply with Australian Accounting Standards and other mandatory professional reporting requirements.
- Preparation of the 2009-10 Standard Statements, which are required under the Local Government Act. Standard Statements 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 statements were approved by the Auditor General without qualification.

Challenges:

- Ensuring that various revenue collection processes have regard to the financial circumstances some ratepayers may find confronting.

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.

SUSTAINABLE ORGANISATION

Information Services

The Information Services team deliver, maintain and provide 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 team worked at delivering free internet access to the public at Shire libraries across the peninsula.

The state library and the public library sector worked collaboratively to encourage the state government to provide a grant to deliver free wireless (WiFi) internet access to library users across the state. The Mornington Peninsula Shire was an early adopter of this service, delivered to the library community early in 2010.

Customers with a Mornington Peninsula library card, and with their own laptop, can access the internet, free-of-charge at any of the Shire's public libraries. Security is provided by requiring the user to enter his or her library card number as their logon credentials.

This service has proved extremely popular.

Other achievements for the year included:

- Increased participation in state sponsored procurement arrangements to lower computing hardware costs.
- Implementation of the first stage of the Corporate Information System (CIS) by distributing the system to all staff, processing correspondence and migrating content from the system it replaced.
- Significantly reduced the time library staff spend attending to malfunctioning public access computers by configuring them to automatically restore to a stable condition in readiness for the next user.
- The launch of Penmaps on the Shire's website, giving the public access to an array of on-line mapping services.
- Upgraded several small site communications links to ensure they continue to provide stable and reliable services to the community.

Challenges:

- Managing the competing priorities of the ongoing rollout of CIS 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:

- The Shire's seven-year-old Microsoft Exchange email engine is due for replacement in 2010-2011, opening up opportunities for mobile computing and intelligent use of smart phones.
- Upgrades to network server and storage hardware will deliver the necessary infrastructure to manage the unprecedented growth expected in information storage demands.
- Continued investigation of Share Services opportunities will be carried out and participation will be encouraged.

SUSTAINABLE ORGANISATION

Governance and Corporate Support

The Shire's Governance and Corporate Support team ensure 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:

Council established three Councillor Advisory Committees to review Council delegations, corporate policies and the Councillor Code of Conduct. It is a legislative requirement that delegations and the Councillor Code of Conduct be reviewed within 12 months of a General Election.

The Councillor Code of Conduct prescribes standards for Councillor behaviours and obligations including procedures for disclosing conflict of interests and dispute resolution. Delegation of Council powers to officers and the adoption of Council policies results in a streamlined decision making process and Council being more responsive to its stakeholders.

The Councillor Advisory Committee held numerous meetings and considered and reviewed all documents in detail. Various amendments and updates were made to the Councillor Code of Conduct, officer delegations and corporate policies and was adopted by Council in October 2009.

The review was a transparent process with all meetings of the committees held in public, and copies of agendas and minutes of the meetings being made publicly available and placed on the Shire's website.

Other achievements for the year included:

- Council submission prepared in response to the Conflict of Interest Consultation Paper released by the state government to review and improve the workability of the conflict of interest requirements in the Local Government Act 1989.
- A visit from the Governor of Victoria was hosted, including a civic reception and site visits to various locations and community facilities on the peninsula.
- 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 a number of hazards that were all addressed.
- Insurers risk management audits were completed with excellent benchmarking results. The Shire is equal third-best in the state for public liability, sixteenth-best in fraud control and seventeenth-best for property insurance management.
- Continued improvement and upgrading of the Merit Customer Management system, implementing features that contribute to the overall aim of improving the quality of service delivery across the shire.

Challenges:

- Further amendments to the Local Government Act 1989 were introduced during the year. These included an update of many penalties for offences under the Act, to provide an exemption from conflict of interest under certain circumstances and to alter the eligibility criteria for Councillors to preclude any person holding the position of a Member of Parliament, and electoral officer or ministerial advisor.
- Community consultation during Community Safety Month which included the reporting of 72 hazards which the Risk and Premium Coordinator had to address in a timely manner.
- The front-line Customer Service staff have to respond to a varying number of community issues and concerns, while providing consistency and efficiency in a climate of new information learning.

The coming year:

- The Business Continuity Plan will be revised.
- Risk assessments in Interplan will be updated.
- Participation in Community Safety Month 2010 (October).
- Implementation of a new case management system.
- Improvements of the mechanism for managing service request resolution.

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 bi-annual revaluation of 94,880 rateable assessments, 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 bi-annual revaluation project was completed.

The Revaluation Project Plan was set in August 2008 and detailed the completion of revaluation figures on all rateable properties within the municipality by end of April 2010.

The target was met and the completed revaluation for all three valuation figures was completed comprising site value (land), capital improved value (land and buildings) and net annual value (net rental value) for 94,880 properties.

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

Achievements for the year included:

- Migration of beach box data to the Shire's Proclaim database and creation of standard report and correspondence templates.
- Completion of leasing and property policies, adopted by Council.
- An extra \$150,000 was generated in rental income.
- Management of the Mount Martha North Beach sand regeneration to beach and bathing boxes.
- Completion of the bi-annual beach box inspections within timeframe and budget.
- Commencement of the Strategic Property Review.
- Successful negotiation for acquisition for four parcels of land required by Council for road widening purposes without the requirement of resorting to compulsory acquisition processes.
- Successful closure and sale of 20 parcels of land formerly held as roads and lanes.
- Completion of the bi-annual revaluation program.

Challenges:

- Ensuring all tenants have a lease, license or occupancy agreement in place and that all rent reviews are completed.
- Management of rental arrears.

- Continued challenges including illegal use of Council land and 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.
- Maintaining the supplementary valuation program while undertaking the massive task of the bi-annual revaluation program.

The coming year:

- Diligent management of property portfolio.
- Provision of new and updated policies including bathing boxes, permissive occupancy and yacht clubs.
- Continuous review of Council real estate assets to ensure the mounting demand for property assets are met where required.

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 has a mix 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 Audit Committee members, as at 30 June 2010, are:

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

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.

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

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 answerable to the Chief Executive Officer. This provides an independent assurance and advisory service to Council 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 and other risk are addressed.

All internal reports are presented to the Audit Committee. The following audits and projects were reviewed during the 2009-2010 financial year:

- Maternal and Child Health
- Pelican Pantry – internal controls
- Tourism

- Economic Development

With the concurrence of the Audit Committee, the Internal Auditor has also instituted a program of highly visible 'spot checks' in areas where historically there is potential for fraud. These 'spot checks' (which may in itself be a deterrent to fraud) are short, sharp visits designed to be 'deterrent' rather than 'investigative' focused, enhancing the visibility of internal audit through the organisation.

A number of other reports were also undertaken by internal audit for the Regional Waste Management Group.

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' salary packages for the current financial year and the previous year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council.
- 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 of the overseas or interstate travel.
- 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 amount 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

Mornington Peninsula Shire Council is required, pursuant to the Whistleblowers Protection Act, to include in its Annual Report details of any disclosures made under that Act.

Comprehensive written procedures have been established and implemented for whistleblower matters. A printed copy can be obtained on request from any one of the Council's Customer Service Centres.

Issue	Response
Current procedures established by the public body under Part 6	The Council adopted guidelines, procedures and appointed officers to administer the Act and its meeting on 22 June 2009.
Number and types of disclosures made to the public body during the year.	Two
Number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures.	Two
Number and types of disclosed matters referred to the public body during the year by the Ombudsman.	Nil
Number of types disclosed matters referred during the year by the public body to the Ombudsman to investigate.	Nil
Number of types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year.	Nil
Number of requests made under Section 74 during the year to the Ombudsman to investigate disclosed matters.	Nil
Number and types of disclosed matters that the public body has declined to investigate during the year.	Nil

Number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation.	Nil
Recommendations to the Ombudsman under this Act that relate to the public body.	Nil

Statement of Support to Whistleblowers

Mornington Peninsula Shire is committed to the aims and objectives of the Whistleblowers Protection Act 2001 (the Act).

It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

Mornington Peninsula 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.

Mornington Peninsula 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 take afford natural justice to the person who is the subject of the disclosure.

The Shire has developed and adopted guidelines and procedures to manage its compliance of the Act. To access a copy of the Shire's guidelines, visit the Shire's website: www.mornpen.vic.gov.au, or if you would like a hard copy of this document please call: 5950 1137.

For further information or to make a disclosure, please contact one of the following officers:

- Mr Noel Buck, Manager Governance and Corporate Support
- Mr Gub Bergamin, Team Support and Development Officer
- Ms Vicki Bishop, Team Leader Planning Support
- Mr Kevin Clarke, Director Sustainable Organisation

All correspondence, phone calls and e-mails from internal or external whistleblowers will be referred to the Protected Disclosure Coordinator.

Where a person is contemplating making a disclosure and is concerned about approaching the Protected Disclosure Co-ordinator or a Protected Disclosure Officer in the workplace, he or she can call the relevant officer and request a meeting in a discreet location away from the workplace.

A disclosure about improper conduct or detrimental action by Mornington Peninsula Shire or its employees, may also be made directly to:

Mr George Brouwer
The Ombudsman Victoria
Level 9, 459 Collins Street
(DX 210174)
Melbourne 3000

Internet: www.ombudsman.vic.gov.au
 Email: ombudvic@ombudsman.vic.gov.au
 Ph: 03 9613 6222
 Toll free: 1800 806 314

The following table sets out where disclosures about persons other than employees of the Mornington Peninsula Shire should be made:

Person who is subject of the disclosure	Person/body to whom the disclosure must be made
Employee of a public body	The public body or 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 Commission of Police	The Ombudsman or Deputy Ombudsman
Member of the Police Force	The Ombudsman, Deputy Ombudsman or Chief Commissioner of Police

Roles and Responsibilities

Protected disclosure officers will:

- Be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action.
- Make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace.
- Receive any disclosure made orally or in writing (from internal and external whistleblowers).
- Commit to writing any disclosure made orally.
- Impartially assess the allegation and determine whether it is a disclosure made in accordance with Part 2 of the Act (that is, 'a protected disclosure').
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential, and forward all disclosures and supporting evidence to the Protected Disclosure Co-ordinator.
- The Protected Disclosure Co-ordinator has a central 'clearing-house' role in the internal reporting system. He or she will:
 - Receive all disclosures forwarded from the Protected Disclosure Officers.
 - Receive all phone calls, e-mails and letters from members of the public or employees seeking to make a disclosure.
 - Impartially assess each disclosure to determine whether it is a public interest disclosure.
 - Refer all public interest disclosures to the Ombudsman.
- Be responsible for carrying out, or appointing an investigator to carry out an investigation referred to the public body by the Ombudsman.
- Be responsible for overseeing and coordinating an investigation where an investigator has been appointed.
- Appoint a welfare manager to support the whistleblower and to protect him or her from any reprisals.
- Advise the whistleblower of the progress of an investigation into the disclosed matter.

- Establish and manage a confidential filing system.
- Collate and publish statistics on disclosures made.
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential.
- Liaise with the Chief Executive Officer of the public body.
- The investigator (Internal Auditor, Henry Lewis) may be responsible for carrying out an internal investigation into a disclosure where the Ombudsman has referred a matter to the public body. An investigator may be a person from within an organisation or a consultant engaged for that purpose.
- The Welfare Manager, Mr John Rankine, Manager Team Support and Development, is responsible for looking after the general welfare of the whistleblower. The Welfare Manager will:
 - Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment.
 - Advise the whistleblower of the legislative and administrative protections available to him or her.
 - Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure.
 - Ensure the expectations of the whistleblower are realistic.

Confidentiality

Mornington Peninsula Shire will take all reasonable steps to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals are not made against the whistleblower.

Number	Category	Indicators	Result	Indicator Definitions
1	Overall performance	Community satisfaction rating for overall performance generally of the council	63	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	61	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	61	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	\$1,042	Rates and charges declared are being receivable, in calculations for the adopted rates, at the beginning of the year, including: • general rates and charges declared under ss. 160, 161, 161A of the Local Government Act 1989 • municipal charges and service rates and charges (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	\$1,014	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	\$1,546	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	\$289	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: • 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 <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck).
8	Infrastructure	Renewal	89%	Ratio of current spending on capital renewal of existing infrastructure assets which returns the service potential or the life of the asset up to that which is had originally to the AAAC totalled for each and every infrastructure asset to give one ratio.
9	Infrastructure	Renewal and maintenance	94%	Ration 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: • 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. 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.
10	Debts	Average liabilities per assessment	\$655	Total liabilities as per Balance Sheet (previously known as the statement of financial position) less items held in trust (reflected in assets also held), <i>divided</i> 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	\$243	Surplus (deficit) for the period per the Income Statement (previously known as the Bottom line per statement of financial performance) <i>divided</i> by the number of assessments used in the calculation of the adopted rate (that is, when the rate was struck). 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 2010

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Financial Statements for the year ended 30 June 2010

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 2009-10 financial year and the overall position at the end of the financial year (30 June 2010). 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'. This equates to the value of the assets consumed during the year. 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 2010. 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.
- Land and Buildings, Infrastructure, Plant and Equipment 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 2010.
- Trust Funds represent monies held in Trust by Council.
- Prepaid Income represents revenue received by Council, which relates to future periods, e.g. prepaid foreshore camping fees.
- Employee Benefits is the accounting term for accrued annual leave and long service leave entitlements.
- Interest-Bearing Liabilities represent the loan borrowings 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 2010. 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:

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 however 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.

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.

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 2010

	Note	2010 \$'000	2009 \$'000
Income Statement			
Rates and Charges	2	97,127	90,473
Statutory Fees and Fines	3	3,689	3,560
User Fees	4	20,721	20,183
Contributions - cash	5	5,206	3,980
Contributed Assets	5	12,789	10,970
Interest	6	1,424	1,545
Grants - recurrent	7	19,025	19,057
Grants - non - recurrent	7	6,325	4,582
Total Income		166,306	154,350
Expenses			
Employee Costs	11	50,755	47,913
Materials and Contracts	12	62,275	65,039
Depreciation and Amortisation	13	20,464	20,077
Finance Costs	14	2,918	2,890
Other Expenses	15	3,992	3,848
Assets Written Off	8	3,313	467
Total Expenses		143,717	140,234
Net Gain/(Loss) on Sale/Disposal of Assets	9	124	197
Surplus/(deficit)		22,713	14,313
Other comprehensive income			
Net asset revaluation increment(decrement) reversals		75,712	45,133
Comprehensive result		98,425	59,446

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 2010

	Note	2010 \$'000	2009 \$'000
CURRENT ASSETS			
Cash and Cash Equivalents	16	24,871	25,964
Receivables	18	11,071	7,556
Inventories	19	199	195
Other	19	1,113	773
Assets held for sale	20	3,068	2,240
Total Current Assets		40,322	36,728
NON-CURRENT ASSETS			
Other Financial Assets	17	8	8
Receivables	18	349	617
Land and Buildings	21	801,609	735,813
Plant, Furniture and Equipment	22	7,767	8,865
Infrastructure	23	914,626	889,117
Intangibles	25	1,159	20
Total Non-Current Assets		1,725,518	1,634,440
Total Assets		1,765,840	1,671,168
CURRENT LIABILITIES			
Payables	26	7,323	7,515
Trust Funds and Deposits	27	5,828	6,513
Interest-Bearing Liabilities	28	3,980	3,773
Provisions	29	10,187	9,526
Total Current Liabilities		27,318	27,327
NON-CURRENT LIABILITIES			
Interest-Bearing Liabilities	28	37,043	41,023
Provisions	29	2,382	2,146
Total Non-Current Liabilities		39,425	43,169
Total Liabilities		66,743	70,496
Net Assets		1,699,097	1,600,672
EQUITY			
Accumulated Surplus		842,359	820,644
Reserves	30	856,738	780,028
TOTAL EQUITY		1,699,097	1,600,672
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 2010

	Note	Accumulated Surplus 2009 \$'000	Asset Revaluation Reserve 2009 \$'000	Other Reserves 2009 \$'000	Total 2009 \$'000
Balance as at 1 July 2008		808,336	733,849	2,257	1,544,442
Correction to Non-Current Assets	(a)	(14,135)			(14,135)
Recognition of previously unrecognised non-current assets	(b)	10,919			10,919
Restated balance at the beginning of the financial year		805,120	733,849	2,257	1,541,226
Increment / (decrement) on revaluation of Non-current Assets	30a	-	45,133	-	45,133
Transfers to/(from) Reserves:					
- Sustainable Energy Fund	30b	-	-	-	-
- Recreation Land Reserve	30c	-	-	-	-
Transfers from Reserves:					
- Sustainable Energy Fund	30b	240	-	(240)	-
- Recreation Land Reserve	30c	971	-	(971)	-
Net result from Operations		14,313	-	-	14,313
Balance as at 30 June 2009		820,644	778,982	1,046	1,600,672
		Accumulated Surplus 2010 \$'000	Asset Revaluation Reserve 2010 \$'000	Other Reserves 2010 \$'000	Total 2010 \$'000
Balance as at 1 July 2009		820,644	778,982	1,046	1,600,672
Increment / (decrement) on revaluation of Non-current Assets	30a	-	75,712	-	75,712
Transfers to/(from) Reserves:					
- Sustainable Energy Fund	30b	-	-	-	-
- Recreation Land Reserve	30c	(1,500)	-	1,500	-
Transfers from Reserves:					
- Sustainable Energy Fund	30b	132	-	(132)	-
- Recreation Land Reserve	30c	370	-	(370)	-
Net result from Operations		22,713	-	-	22,713
Balance as at 30 June 2010		842,359	854,694	2,044	1,699,097

(a) De-recognition of Assets not owned or controlled by Council

(b) Inclusion of Land, Building & Road assets prior to 1st July 2009

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 2010

	Note	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities			
<i>Receipts (inclusive of GST, wherever applicable)</i>			
General Rates		96,993	90,498
User Charges		25,397	26,385
Cash Contributions		5,207	3,960
Government Grants		23,860	23,709
Interest		1,435	1,572
Net GST Refund		6,660	6,949
<i>Payments (inclusive of GST, wherever applicable)</i>			
Employee Costs		(49,577)	(46,740)
Materials and Contracts		(73,092)	(75,427)
Other Expenses		(4,108)	(3,779)
Net Cash Inflows / (Outflows) from Operating Activities	31	32,775	27,127
Cash Flows from Investing Activities			
<i>Payments for</i>			
Land and Buildings		(4,349)	(6,453)
Infrastructure Assets		(19,776)	(16,452)
Plant, Furniture and Equipment		(2,667)	(1,238)
<i>Proceeds from</i>			
Sale of Land and Buildings		297	324
Sale of Plant, Furniture and Equipment		21	27
Sundry Receivables		-	25
Net Cash Inflows / (Outflows) from Investing Activities		(26,474)	(23,767)
Cash Flows from Financing Activities			
Finance Costs		(2,942)	(2,946)
Proceeds from Borrowings		-	3,000
Repayment of Borrowings		(3,341)	(3,021)
Repayment of Finance Leases		(432)	(594)
Trust Funds and Deposits		(679)	2,007
Net Cash Inflows / (Outflows) from Financing Activities		(7,394)	(1,554)
Net Increase / (Decrease) in Cash Held		(1,093)	1,806
Cash and cash equivalents at the beginning of the Financial Year		25,964	24,158
Cash and cash equivalents at the end of the Financial Year	31	24,871	25,964
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 – Maddock, Lonie & Chisolm, Norton Rose Australia and Mornington Legal

Bankers – National Australia Bank

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

This financial report is a general purpose financial report that consists of an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards 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.

Financial Statements comply with Australian International financial reporting standards (AIFRS)

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 has 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 a depreciable asset.

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	30-200 years	0.5% - 3.3%
Furniture and Fittings	3-10 years	10% - 33%
Information Technology	3-15 years	6.5% - 33%
Plant and 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 Structures	10-100 years	1%-10%

Changes to the above table include the asset class Information Technology being split from Furniture and Fittings and a change in depreciation rate range for Plant and Equipment.

(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	Capitalisation threshold
Land	\$ 1,000
Land Under Roads	\$ 1,000
Buildings	\$ 5,000
Furniture and Fittings, Information Technology and Bookstock	\$ 1,000
Plant and Equipment	\$ 2,000
Infrastructure Assets- Roads	\$ 15,000
Infrastructure Assets- Drains	\$ 15,000
Infrastructure Assets- Other structures	\$ 15,000

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 2010, 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 26).

(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

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 35.

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.

(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.

Council resolved (SPC 26/10/2009) to undertake a process for the disposal of the former Mt.Martha Quarry on the Esplanade, Mt.Martha, being an asset that is no longer required for municipal purposes. There are still a number of processes to complete, including a rezoning amendment and public consultation, before a sale can be completed.

(r) Rates Receivable

Rates receivables are carried at nominal amounts due plus interest.
Rate 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) Rounding

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

(t) 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 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project. {AASB 5,8,101,107, 117, 118, 136 & 139}	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled harebased Payment Transactions. [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to Local Government; consequently this Standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1}	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition	Beginning 1 Jan 2010	No impact .Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. Local Government do not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.

(t) Pending Accounting Standards (cont)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
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]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities know to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Local Government therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19. [AASB 1]	Consequential amendment to AASB 1 arising from Publication of Interpretation 19	Beginning 1 Jul 2010	Local Governments do not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 17 and related amendments have no impact
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a Minimum Funding Requirement	Beginning 1 Jan 2011	Expected to have no significant impact

	2010	2009
	\$'000	\$'000
Note 2 Rates and charges		
General	76,510	70,512
Commercial	4,502	4,132
Industrial	1,363	1,239
Agricultural	1,699	1,601
Culture and Recreation	113	106
Municipal Charge	12,117	11,952
Supplementary Valuations	823	931
Total rates and charges	97,127	90,473

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 2009/2010 was \$41,610 billion (2008/2009:\$40,947 billion). The 2009/2010 rate in the \$ on CIV was 0.0019702 for rateable residential properties (2008/2009:0.0018430).

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2008, and the valuation first applied to the rating period commencing 1 July 2008.

The date of the next general revaluation of land for rating purposes within the municipal district was January 2010 and the valuation will be first applied in the rating year commencing 1 July 2010.

Note 3 Statutory fees and fines

Infringements	854	710
Planning	1224	1137
Land Information Certificates	185	128
Permits and Licences	1195	1100
Other	231	485
Total statutory fees and fines	3,689	3,560

		2010	2009
		\$'000	\$'000
Note 4	User Fees		
	Statutory Planning	267	256
	Environment Protection	879	882
	Strategic Planning	26	7
	Economic Development	839	1,059
	Infrastructure Project Management	386	317
	Infrastructure Maintenance	232	201
	Renewable Resources	4,900	4,302
	Director Sustainable Communities	13	20
	Child Youth and Family Care	866	816
	Aged and Disability Services	1,277	1,310
	Recreation and Leisure	5,927	5,713
	Libraries Arts and Culture	374	448
	Governance and Corporate Support	875	839
	Finance	1,416	1,334
	Information Services	14	20
	Property and Valuation	2,236	1,970
	Internal Audit	15	-
	Communications	-	30
	Team Support and Development	159	70
	Special Charge Schemes	20	588
	Total user fees	20,721	20,183

	2010	2009
	\$'000	\$'000
Note 5 Contributions		
Cash Contributions	5,206	3,980
In-kind Contributions (Land)	294	1,815
In-kind Contributions (Building)	-	18
In-kind Contributions (Infrastructure)	12,328	8,932
In-kind Contributions (Land Under Roads)	167	205
Total contributions	17,995	14,950

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

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

Note 6 Interest		
Investments	1,090	1,085
Rates	403	475
Special Charges Schemes	(69)	(15)
Total interest	1,424	1,545

		2010	2009
		\$'000	\$'000
Note 7	Grants Received		
	are made up of:	25,350	23,639
Note 7a	Grants - Capital		
	Grants received for non recurrent purposes:		
	Roads	3,064	2,981
	Other	3,261	1,601
	Total grants - capital	6,325	4,582
Note 7b	Grants - Recurrent		
	Grants received for operating purposes:		
	Victorian Grants Commission	5,003	6,762
	Statutory Planning	3	3
	Environment Protection	206	201
	Strategic Planning	349	50
	Economic Development	124	29
	Infrastructure Strategy	420	139
	Infrastructure Project Management	-	10
	Infrastructure Maintenance	376	986
	Director Sustainable Communities	842	684
	Child Youth and Family Care	4,310	3,295
	Aged and Disability Services	6,340	5,893
	Recreation and Leisure	102	97
	Libraries Arts and Culture	932	890
	Team Support and Development	18	18
	Total grants - recurrent	19,025	19,057

	2010	2009
	\$'000	\$'000
(c) 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:	4,257	2,164
Capital Grants:		
Other	2,551	962
Roads	-	307
Total capital	2,551	1,269
Strategic Planning	335	62
Infrastructure Strategy	100	-
Infrastructure Maintenance	-	435
Director Sustainable Communities	172	114
Child Youth and Family Care	1,012	250
Aged and Disability Services	-	10
Recreation and Leisure	87	16
Libraries, Arts and Culture	-	8
Total recurrent	1,706	895

	2010	2009
	\$'000	\$'000
Note 8 Assets Written Off		
Infrastructure assets written off	3,313	467
<i>Note: Abandonment of road assets following reconstruction of roads.</i>		
Note 9 Net Gain/(Loss) on Sale of Assets		
Total Proceeds from Sale / Disposal of Assets		
Proceeds from sale/disposal	338	366
Less: Carrying amount	(214)	(169)
Net Gain/(Loss) on Sale/Disposal	124	197
Plant and Equipment		
Proceeds from sale	21	26
Less: Carrying amount	(29)	-
Net Gain/(Loss) on Sale	(8)	26
Furniture and Fittings		
Proceeds from sale	-	1
Less: Carrying amount	-	-
Net Gain/(Loss) on Sale	-	1
Land and Buildings		
Proceeds from sale	317	339
Less: Carrying amount & ancillary costs	(185)	(169)
Net Gain/(Loss) on Sale	132	170

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 2010 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, Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Infrastructure Assets - Drains: The carrying values have been reassessed as at 30th June 2010 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, Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Infrastructure Assets - Other: The carrying values have been reassessed as at 30th June 2010 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, Planning Institute of Australia (MPIA) and Certified Practising Planner (CPP).

Refer to note 30a for the impact of revaluation/reassessment of fair value for the year 2009/10.

	2010	2009
	\$'000	\$'000
Note 11 Employee Costs		
Total Employee Costs	52,057	49,150
Less: capitalised Employee Costs	1,302	1,237
Operating Employee Costs	50,755	47,913
Wages and Salaries	40,275	38,226
Redundancy Costs - Wages and Salaries	-	72
Superannuation	3,951	3,475
Fringe Benefit Tax	397	365
Workcover	1,107	1,050
Annual and Long Service Leave Expenses	5,025	4,725
Total employee costs	50,755	47,913
Full-Time Equivalent (FTE) number of employees as at 30th June (excludes casual employees)	667	647
Note 12 Materials and Services		
Contracts	52,975	53,661
Materials	6,072	8,587
Utilities and Street Lighting	3,228	2,791
Total materials and contracts	62,275	65,039

		2010	2009
		\$'000	\$'000
Note 13	Depreciation and Amortisation	20,464	20,077
13a	Depreciation		
	Depreciation was charged in respect of:		
	Infrastructure Roads	7,904	7,342
	Infrastructure Drainage	4,087	3,822
	Infrastructure Other	2,864	3,446
	Buildings	3,632	3,533
	Plant and Equipment	168	196
	Furniture and Fittings	161	173
	Library Collections	933	894
	Information Technology Equipment	14	29
	Total depreciation	19,763	19,435
	Note: Increases in depreciation are primarily due to the full year impact of the 2009 revaluation.		
13b	Amortisation		
	Amortisation was charged in respect of:		
	Landfill cells	215	-
	Bins (leased)	386	386
	Information Technology Equipment (leased)	47	230
	Information Technology Intangible	53	26
	Total amortisation	701	642

	2010	2009
	\$'000	\$'000
Note 14 Finance Costs		
Loans	2,758	2,712
Leases	160	178
Total finance costs	2,918	2,890

Note 15 Other Expenses

Auditor's Remuneration:

-external audit- Victorian Auditor General	73	73
-other audits	13	15
Contributions, Donations and Grants Paid	1,304	1,168
Conferences and Seminars	131	119
Councillors' Allowances	245	211
Family Day Care Fee Relief paid (offset by income)	882	804
Insurance Excess and Small Claims	167	71
Property Rental expenses	133	153
Indirect Recruitment Costs (including recruitment, staff training and uniforms)	456	622
Other	588	612
Total other costs	3,992	3,848

Note 16 Cash and Cash Equivalents**Cash**

Cash on Hand	16	16
Cash at Bank	1,364	5,522
Total cash	1,380	5,538

Investments

Held to maturity: Bank Bills	15,456	13,894
Subject to restrictions:		
Held to maturity: Bank Bills		
Long Service Leave	6,014	5,449
Hillview Quarries Reinstatement Fund	477	477
Reserves	2,044	1,046
Total Investments	23,991	20,866
Less: Amounts held in trust for a third party	500	440
Net Investments	23,491	20,426
Total cash and equivalents	24,871	25,964

Restricted asset for Long Service Leave is based on the Local Government (Long Service Leave) Act provisions.

Amounts held in trust for a third party are for the Mornington Peninsula Cemetery Trust and Mornington Peninsula Regional Waste Group.

Note 17 Other Financial Assets

Investments - Non Current

Unlisted shares at cost	8	8
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Shares are held in MAPS Group Ltd and Rye and District Community Financial Services Ltd.

	2010 \$'000	2009 \$'000
Note 18 Receivables		
Current		
Rates Receivable	2,784	2,276
Special Charge Schemes	399	442
Fines and Infringements	827	920
Less: Provision for Doubtful Debts	678	749
	149	171
Other Receivables	7,743	4,670
Less: Provision for Doubtful Debts	4	3
	7,739	4,667
Total current receivables	11,071	7,556
Non Current		
Special Charge Schemes	349	618
Total non current receivables	349	618
Note 19 Other Assets		
Current:		
Inventories	199	195
Other:		
Accrued Income	755	531
Prepayments	358	242
Total other assets	1,113	773
Note 20 Assets Held for Sale		
Current		
Land identified for sale in the forthcoming twelve months at Fair Value	3,068	2,240
<i>Refer Note 1(q) for basis of measurement</i>		

	2010 \$'000	2009 \$'000
Note 21 Land and Buildings		
Land	677,927	610,316
Land Under Roads	372	205
Land Held for Sale	3,669	3,765
Buildings	119,641	121,527
Total Land and Buildings	801,609	735,813
Made up of:		
Note 21a Assets - Land		
Non Current		
Land owned at Cost	-	215
Land at Valuation 2008 - Controlled	-	114,698
Land at Valuation 2008 - Owned	-	495,388
Land at Valuation 2010 - Controlled	114,175	-
Land at Valuation 2010 - Owned	563,744	-
Work in Progress	8	15
	677,927	610,316
<i>Refer to Note 1(e) for valuation details</i>		
Note 21b Assets - Land Under Roads		
Land Under Roads at cost	372	205
<i>Refer to Note 1(e) for valuation details</i>		
Note 21c Assets - Land Held for Sale		
Land held for sale at valuation	3,669	3,765
<i>Refer to Note 1(q) for more detail</i>		
Note 21d Assets - Buildings		
Buildings at Valuation 2008 - Controlled	-	25,797
Less Accumulated Depreciation	-	(13,457)
Buildings at Valuation 2008 - Owned	-	193,912
Less Accumulated Depreciation	-	(93,378)
Buildings at Valuation 2010 - Controlled	26,203	-
Less Accumulated Depreciation	(13,959)	-
Buildings at Valuation 2010 - Owned	200,624	-
Less Accumulated Depreciation	(98,312)	-
Buildings at Cost	-	5,708
Less Accumulated Depreciation	-	(15)
Work in Progress	3,580	1,533
Landfill Cell	1,720	1,427
Less Accumulated Amortisation	(215)	-
	119,641	121,527

Refer to Note 1(e) and 9 for valuation details

	2010	2009
	\$'000	\$'000
Note 22 Plant, Furniture & Equipment	<u>7,767</u>	<u>8,865</u>
Made up of:		
Note 22a Plant		
Plant at Cost	1,907	1,592
Less Accumulated Depreciation	(1,347)	(1,254)
Bins at Cost	-	302
Bins Leased	3,855	3,855
Less Accumulated Amortisation	(2,239)	(1,853)
Work in Progress	10	59
Total Plant	<u>2,186</u>	<u>2,701</u>
Note 22b Furniture & Equipment		
Furniture & Equipment at Cost	2,023	1,823
Less Accumulated Depreciation	(1,500)	(1,375)
Work in Progress	93	42
Total Furniture & Equipment	<u>616</u>	<u>490</u>
Note 22c Information Technology		
Information Technology at Cost	1,158	1,619
Less Accumulated Depreciation	(1,149)	(1,604)
Information Technology Leased	-	317
Less Accumulated Amortisation	-	(270)
Work in Progress	7	752
Total Information Technology	<u>16</u>	<u>814</u>
Note 22d Artworks		
Artworks at Cost	<u>2,313</u>	<u>2,313</u>
Note 22e Library Collections		
Library Collections at Cost	7,019	10,829
Less Accumulated Depreciation	(4,556)	(8,345)
Work in Progress	173	63
Total Library Collections	<u>2,636</u>	<u>2,547</u>
<i>Refer to Note 1(e) and 9 for valuation details</i>		100

	2010	2009
	\$'000	\$'000
Note 23 Infrastructure Assets		
Work in Progress	5,002	3,313
Infrastructure at Cost	18,930	18,344
Less Accumulated Depreciation	(197)	(44)
Infrastructure at Valuation 2009	-	1,206,424
Infrastructure at Valuation 2010	1,245,604	-
Less Accumulated Depreciation	(354,713)	(338,920)
	<u>914,626</u>	<u>889,117</u>
<i>Infrastructure Assets include earthworks, substructures, seals, and kerbs relating to roads (footpaths and parking areas)</i>		
Note 23a Infrastructure Assets - Roads		
Construction Works at Cost	14,889	13,186
Less Accumulated Depreciation	(112)	(23)
Infrastructure - Roads at Valuation 2009	-	683,262
Infrastructure - Roads at Valuation 2010	702,953	-
Less Accumulated Depreciation	(180,539)	(174,922)
	<u>537,191</u>	<u>521,503</u>
Note 23b Infrastructure Assets - Drains		
Construction Works at Cost	988	1,249
Less Accumulated Depreciation	(5)	(1)
Infrastructure - Drains at Valuation 2009	-	406,529
Infrastructure - Drains at Valuation 2010	420,935	-
Less Accumulated Depreciation	(108,436)	(101,843)
	<u>313,482</u>	<u>305,934</u>
Note 23c Infrastructure Assets - Other		
Construction Works at Cost	3,053	3,909
Less Accumulated Depreciation	(80)	(20)
Infrastructure - Other at Valuation 2009	-	116,633
Infrastructure - Other at Valuation 2010	121,716	-
Less Accumulated Depreciation	(65,738)	(62,155)
	<u>58,951</u>	<u>58,367</u>
Note 23d Infrastructure Assets - Work in Progress Non Current		
Construction Works at Cost	<u>5,002</u>	<u>3,313</u>

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

2010	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
	\$'000	\$'000	\$'000	\$'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)	-	-	116,063
Work in Progress	1,533	-	-	-	-	-	2,046	-	-	3,579
Total Buildings	121,528	3,042	(3,056)	(3,847)	(35)	-	2,010	-	-	119,642
Total Land and Buildings	735,813	3,042	64,174	(3,847)	(37)	461	2,010	(7)	-	801,609
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 Equipm	8,865	1,251	15	(1,709)	(29)	-	-	(632)	6	7,767
Infrastructure										
Roads	521,501	14,889	2,349	(7,906)	(3,261)	9,616	-	-	3	537,191
Drains	305,934	988	8,065	(4,090)	(46)	2,626	-	-	4	313,481
Other Structures	58,367	3,053	280	(2,863)	(6)	86	36	-	-	58,953
Work in Progress	3,315	-	-	-	-	-	-	1,686	-	5,001
Total infrastructure	889,117	18,930	10,694	(14,859)	(3,313)	12,328	36	1,686	7	914,626
Total Land & Buildings, Plant and Equipment, Infrastructure	1,633,795	23,223	74,883	(20,415)	(3,379)	12,789	2,046	1,047	13	1,724,002

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

2009	Balance at beginning of financial year	Acquisition of assets	Rev inc/ (dec)	Depreciation and amortisation	Written down value of disposals	Additions/ Contributions	Transfers	Transfer to/from WIP	Other	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land										
Land	612,916	214	-	-	(51)	1,815	(3,443)	-	(1,151)	610,300
Land Under Roads	-	-	-	-	-	205	-	-	-	205
Assets Held for Sale	-	-	-	-	-	-	3,443	-	322	3,765
Work in Progress	-	-	-	-	-	-	-	15	-	15
Total Land	612,916	214	-	-	(51)	2,020	-	15	(829)	614,285
Buildings										
Buildings	115,896	6,256	-	(3,533)	(15)	18	71	879	423	119,995
Work in Progress	3,227	-	-	-	-	-	-	(1,694)	-	1,533
Total Buildings	119,123	6,256	-	(3,533)	(15)	18	71	(815)	423	121,528
Total Land and Buildings	732,039	6,470	-	(3,533)	(66)	2,038	71	(800)	(406)	735,813
Plant , Furniture and Equipment										
Plant	3,001	223	-	(582)	-	-	-	-	-	2,642
Furniture and Equipment	359	262	-	(173)	-	-	-	-	-	448
Information Technology	322	-	-	(260)	-	-	-	-	-	62
Artworks	2,313	-	-	-	-	-	-	-	-	2,313
Library Collections	2,395	983	-	(894)	-	-	-	-	-	2,484
Work in Progress	156	-	-	-	-	-	-	760	-	916
Total Plant, Furniture and Equipm	8,546	1,468	-	(1,909)	-	-	-	760	-	8,865
Infrastructure										
Roads	488,857	-	22,934	(7,341)	(296)	5,336	(71)	13,187	(1,105)	521,501
Drains	288,361	-	19,757	(3,822)	(102)	3,036	-	1,249	(2,545)	305,934
Other Structures	53,857	-	2,443	(3,446)	(73)	560	-	3,909	1,117	58,367
Work in Progress	4,720	16,900	-	-	-	-	-	(18,305)	-	3,315
Total infrastructure	835,795	16,900	45,134	(14,609)	(471)	8,932	(71)	40	(2,533)	889,117
Total Land & Buildings, Plant and Equipment, Infrastructure	1,576,380	24,838	45,134	(20,051)	(537)	10,970	-	-	(2,939)	1,633,795

Note 25 Intangible Assets

	2010 \$'000	2009 \$'000
Information Technology at Cost	3,499	2,307
Less Accumulated Amortisation	2,340	2,287
Total Intangible Assets	1,159	20
Software		
Gross Carrying Amount		
Balance at the beginning of the financial year	2,307	2,307
Additions	1,192	-
Balance at the end of the financial year	3,499	2,307
Accumulated Amortisation and Impairment		
Balance at the beginning of the financial year	2,287	2,261
Amortisation	53	26
Balance at the end of the financial year	2,340	2,287
Net Book Value at the end of the financial year	1,159	20

Note 26 Liabilities - Payables

Current		
Employee Costs	2,052	1,832
Materials and Contracts	4,468	4,817
Accruals	803	866
Total Payables	7,323	7,515

Note 27 Liabilities - Trust Funds and Deposits

Trust - General	2,140	4,288
Trust - Bank Guarantees	969	-
Trust - Subdivision Maintenance Deposits	885	690
Trust - Hillview Quarries	477	477
Trust - Rate Recoveries	448	462
Trust - Bonds/Deposits	909	596
Total Trust Funds and Deposits	5,828	6,513

	2010	2009
	\$'000	\$'000
Note 28 Liabilities - Interest Bearing Liabilities		
Current		
Finance Leases	414	432
Secured Borrowings	3,566	3,341
	<u>3,980</u>	<u>3,773</u>
Non Current		
Finance Leases	1,514	1,928
Secured Borrowings	35,529	39,095
	<u>37,043</u>	<u>41,023</u>
Total Interest Bearing Liabilities	<u>41,023</u>	<u>44,796</u>
Note 28a Liabilities - Finance Leases		
Current		
Information Technology Equipment	-	47
Plant - Bins	414	385
	<u>414</u>	<u>432</u>
Non Current		
Plant - Bins	1,514	1,928
	<u>1,514</u>	<u>1,928</u>
Total Finance Leases	<u>1,928</u>	<u>2,360</u>
Maturity Profile		
Lease commitments not later than 1 year	541	589
Lease commitments later than 1 year but not later than 5 years	1,699	2,164
Lease commitments later than 5 years but not later than 10 years	-	75
	<u>2,240</u>	<u>2,828</u>
Less Lease Interest	312	468
	<u>1,928</u>	<u>2,360</u>

2010	2009
\$'000	\$'000

Note 28b Liabilities - Borrowings**Current Secured Borrowings**

Bank Loans	3,566	3,341
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Non Current Secured Borrowings

Bank Loans	35,529	39,095
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Total Borrowings

39,095	42,436
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Maturity Profile

Amount Payable no later than 12 months	3,566	3,341
Amount Payable in over 1 year but less than 2 years	3,806	3,566
Amount Payable in over 2 years but less than 3 years	4,069	3,806
Amount Payable in over 3 years but less than 4 years	4,352	4,069
Amount Payable in over 4 years but less than 5 years	3,948	4,352
Amount Payable later than 5 years	19,354	23,302
	39,095	42,436

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	39,095	42,436
Asset Finance - Leasing	3,000	3,000

Used at Reporting Date

Bank Overdraft	728	1,074
Bank Loans	39,095	42,436

Unused at Reporting Date

Bank Overdraft	4,272	3,926
Bank Loans	-	-
Asset Finance - Leasing	3,000	3,000

Note 29 Liabilities Provisions

	Annual Leave	Long Service Leave	Landfill Rest'n	Native Veget'n Mgt	Total
2010	\$'000	\$'000	\$'000	\$'000	\$'000
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	<u>3,577</u>	<u>7,668</u>	<u>885</u>	<u>439</u>	<u>12,569</u>
2009					
Balance at beginning of the financial year	3,335	6,624	485	213	10,657
Additional provisions	3,488	1,219	200	352	5,259
Less: Amounts used	3,404	693	-	147	4,244
Balance at the end of the financial year	<u>3,419</u>	<u>7,150</u>	<u>685</u>	<u>418</u>	<u>11,672</u>

Note 29 Liabilities - Provisions**Current**

	2010	2009
	\$'000	\$'000
Native Vegetation Management	85	55
Annual Leave	3,577	3,419
Long Service Leave	6,525	6,052
Total Current Provisions	<u>10,187</u>	<u>9,526</u>

Non Current

Landfill Restoration	885	685
Native Vegetation Management	354	363
Long Service Leave	1,143	1,098
Total Non Current Provisions	<u>2,382</u>	<u>2,146</u>
Total Provisions	<u>12,569</u>	<u>11,672</u>

		2010	2009
		\$'000	\$'000
Note 30	Reserves	856,738	780,028
Note 30a	Asset Revaluation Reserve		
	Balance at the beginning of the financial year	778,982	733,849
	Increment/(decrement) on the Revaluation of Plant, Furniture and Equipment	15	-
	Increment/(decrement) on the Revaluation of Land assets	68,059	-
	Increment/(decrement) on the Revaluation of Building assets	(3,056)	-
	Increment/(decrement) on the Revaluation of Road assets	2,349	22,934
	Increment/(decrement) on the Revaluation of Drainage assets	8,065	19,757
	Increment/(decrement) on the Revaluation of Other Infrastructure assets	280	2,442
	Balance at the end of the financial year	854,694	778,982
	Other Reserves	2,044	1,046
Note 30b	Sustainability Energy Fund		
	Balance at the beginning of the financial year	517	757
	Transfer from Reserve	(132)	(240)
	Balance at the end of the financial year	385	517
Note 30c	Recreation Land Reserve		
	Balance at the beginning of the financial year	529	1,500
	Transfer to Reserve	1,500	-
	Transfer from Reserve	(370)	(971)
	Balance at the end of the financial year	1,659	529

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:

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

Funds available as at 30th June 2010: \$385K (\$517K in 2008/09).

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 2010: \$1,659K (\$529K in 2008/09)

Note 31	Reconciliation of Net Result from Operations To Net Cash Inflow/(Outflow) from operating activities	2010	2009
		\$'000	\$'000
	Net Result From Operations	22,713	14,313
	<i>Items Not Involving Cash</i>		
	Depreciation and Amortisation	20,464	20,077
	Change in Provision for Doubtful Debts	(70)	2
	Asset Revaluations and Adjustments	3,313	467
	Contributions from New Subdivision	(12,788)	(10,970)
	Net Loss / (Gain) on Sale of Non-Current Assets	(124)	(197)
	<i>Items in Financing Activities</i>		
	Finance Costs	2,918	2,946
	<i>Change In Operating Assets and Liabilities</i>		
	(Increase) / Decrease in Rates Receivables	(508)	(358)
	(Increase) / Decrease in Other Receivables	(2,648)	403
	(Increase) / Decrease in Other Operating Assets	(345)	289
	Increase / (Decrease) in Payables	(1,224)	(1,163)
	Increase / (Decrease) in Provisions	1,074	1,318
	<i>Net Cash Inflows / (Outflows) from Operating Activities</i>	32,775	27,127
Note 32	Reconciliation of Cash		
	Cash on Hand	16	16
	Cash at Bank	1,364	5,522
	Deposits at Call and Bank Bills	23,491	20,426
		24,871	25,964

Note 33 Commitments

The Council has entered into the following commitments

2010	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>					
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	31,045	31,201	41,462	73,793	177,501
<i>Capital</i>					
Buildings	2,976				2,976
Recreation Facilities	1,547				1,547
Supply of Green Power Street Lighting	431				431
Total	4,954	-	-	-	4,954

2009	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>					
SIMS Cleansing	4,933	5,335	17,320	-	27,588
SIMS Parks and Roadsides	7,726	8,357	-	-	16,083
SIMS Furniture and Signs	2,528	2,734	8,877	-	14,139
SIMS Buildings	3,683	3,983	12,931	-	20,597
Safer Local Roads	8,913	9,640	31,297	89,073	138,923
Parks and Roadsides -Transfield	6,070	-	-	-	6,070
Building Maintenance	357	-	-	-	357
Recyclables	2,000	-	-	-	2,000
MGB's	79	-	-	-	79
Safer Local Roads	3,733	-	-	-	3,733
Pelican Park & Pantry Cleaning	66	-	-	-	66
Hard Waste Collection	1	-	-	-	1
Banking Services	127	-	-	-	127
Hastings Activity Structure Plan	20	-	-	-	20
Wan Infrastructure and Communication Links	373	-	-	-	373
Workers Compensation	419	-	-	-	419
Tourism Branding & and Promotional Campaign	1,074	-	-	-	1,074
Green Waste Processing	20	-	-	-	20
Total	42,122	30,049	70,425	89,073	231,669
<i>Capital</i>					
Buildings	906	-	-	-	906
Recreation Facilities	126	-	-	-	126
Information Technology	504	-	-	-	504
Total	1,536	-	-	-	1,536

2010	2009
\$'000	\$'000

Note 34 Operating leases

Operating lease commitments

Payments under Operating Lease which form part of total expenditure Operating Lease contracted for at the reporting date but not recognised in the financial statements as liabilities	2,252	2,158
<i>These expenditures are payable:</i>		
Not later than one year	1,934	1,864

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 Fund'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).

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 benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, the council has been advised that no additional contributions will be required as at 30 June 2010. The Actuary will undertake the next actuarial investigation as at 30 June 2010 to ascertain if additional contributions are required. The Actuarial review will be as at 30 June 2010.

The result of the actuarial review is expected to be finalised during October 2010. Should the review identify a funding shortfall requiring additional contributions, the Council will be notified of any amount payable by November 2010 for payment on 1 July 2011. A further actuarial review will be undertaken as at 30 June 2011. Based on the result of this further review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013.

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 (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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.

	2010 \$'000	2009 \$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)		
- Defined benefits plan	546	551
- Accumulated fund	3,092	3,084
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	Nil	Nil

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 2009/10 and 2008/09). 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 2009/10 the Mornington Peninsula Shire Council's superannuation contributions relating to "Choice" fund members was \$282K (\$67K in 2008/09).

Note 36a Revenue and Expenses by Function/activities

Recurrent

Net Cost

		2010 \$'000	2009 \$'000
Sustainable Environment	- Grants	336	221
	- Other Income	5308	5212
	- Expenses	(16,674)	(15,908)
	- Net Cost	<u>(11,030)</u>	<u>(10,475)</u>
Sustainable Infrastructure	- Grants	224	715
	- Other Income	11,357	10,220
	- Expenses	(70,289)	(69,777)
	- Net Cost	<u>(58,708)</u>	<u>(58,842)</u>
Sustainable Community	- Grants	11,796	10,763
	- Other Income	8,616	8,436
	- Expenses	(37,844)	(36,057)
	- Net Cost	<u>(17,432)</u>	<u>(16,858)</u>
Sustainable Organisation	- Grants	-	-
	- Other Income	14,399	14,131
	- Expenses	(18,344)	(17,639)
	- Net Cost	<u>(3,945)</u>	<u>(3,508)</u>
CEO and Council	- Grants	18	18
	- Other Income	1,301	1,179
	- Expenses	(4,276)	(4,142)
	- Net Cost	<u>(2,957)</u>	<u>(2,945)</u>

Note 36a Revenue and Expenses by Function/activities**Other**

	2010 \$'000	2009 \$'000
Rates	97,127	90,473
Grants Commission	5,003	6,762
Interest (Net)	(1,334)	(1,167)

Net Surplus

100,796	96,068
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Recurrent Surplus / (Deficit)	6,724	3,440
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Non - Recurrent

Capital Grants, Special Charge Schemes and Contribution	10,726	8,704
Profit / (Loss) on sale of Assets	124	197
Assets Written Off	(3,313)	(467)
Priority projects (Net)	(830)	(2,341)
Priority Works (Net)	(3,507)	(6,190)

Non-Recurrent Surplus / (Deficit)

3,200	(97)
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Surplus / (Deficit) before Asset Revaluations,**Adjustments and New Subdivisions**

9,924	3,343
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New Subdivisions	12,789	10,970
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Net Result from Operations

22,713	14,313
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Note 36b Assets Attributed to Functions

	Current Assets		Non-Current Assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Sustainable Environment	457	317	129	94
Sustainable Infrastructure	1,455	836	1,059,695	1,021,088
Sustainable Community	448	427	637,781	586,450
Sustainable Organisation	1,228	146	27,474	26,095
CEO and Council	-	-	82	68
Corporate	36,734	35,002	357	645
Total	40,322	36,728	1,725,518	1,634,440

For the basis of allocation it was determined that:

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

DESCRIPTION OF FUNCTIONAL AREAS

- 1) **Sustainable Environment** includes Statutory Planning, Conservation & Environment, Strategic Planning and Economic Development.
- 2) **Sustainable Infrastructure** includes Infrastructure Planning, Infrastructure Project Management, Infrastructure Maintenance and Renewable Resources.
- 3) **Sustainable Community** includes Family and Children's Services, Aged and Disabled, Recreation and Leisure, Libraries, Arts and Culture.
- 4) **Sustainable Organisation** includes Governance and Corporate Support, Finance, Information Services, Property and Valuation.
- 5) **CEO and Council** includes Team Support and Development, Internal Auditing, Corporate Planning and Communications.
- 6) **Corporate** includes assets not classified into the above functional areas.

Note: Income and expenses include internal recharges.

37 RELATED PARTY TRANSACTIONS

a) Persons holding the position of Responsible Person for the year ended 30 June 2010 are:

Mayors

- Cr Anne Shaw (01/07/2009 to 07/12/2009)
- Cr David Gibb (08/12/2009 to 30/06/2010)

Councillors

- Cr Sue Beveridge (elected 2007 to 22/06/2010)
- Truemans Ward (vacant 23/06/2010 to 30/06/2010)
- Cr Lynn Bowden (elected 2008 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			2010 Number	2009 Number
\$ 5,000	-	\$9,999	-	4
\$10,000	-	\$19,999	-	4
\$20,000	-	\$29,999	9	5
\$30,000	-	\$39,999	-	-
\$40,000	-	\$49,999	1	1
\$50,000	-	\$59,999	1	1
\$290,000	-	\$299,999	-	1
\$310,000	-	\$319,999	1	-
			12	16
			\$'000	\$'000
The total remuneration for the year for Responsible Persons included above			643	577

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, (\$100,000, 2009)

Income Range			2010 Number	2009 Number
\$100,000	-	\$109,999	-	11
\$110,000	-	\$119,999	1	3
\$120,000	-	\$129,999	11	14
\$130,000	-	\$139,999	5	2
\$140,000	-	\$149,999	1	-
\$150,000	-	\$159,999	-	-
\$160,000	-	\$169,999	-	1
\$170,000	-	\$179,999	1	1
\$180,000	-	\$189,999	2	2
\$190,000	-	\$199,999	1	-
			22	34

	\$'000	\$'000
The total remuneration for the year for Senior Officers included above, other than the Responsible Persons	3,069	4,203

- 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. A councillor has disclosed that a company of which he is a director has provided termite inspections and reports to a total of \$1,815. The Councillor had no involvement in the appointment of the company to provide the service.
- g) Remuneration includes current gross salaries, superannuation, allowances and other benefits.

38 CONTINGENT LIABILITIES AND ASSETS

38a 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.

38b 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 2010 is \$15,000 and is secured by a charge on Council rates. (2009: \$15,000).

38c 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, to build a three (3) court stadium at the Mornington Secondary College. Council has a contingent liability of \$619,281 as at 30th June 2010. (\$640,608 2009).

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 \$130,883 as at 30th June 2010, the loan is \$75K in advance or repayments, which is redrawable (\$234,287, 2009).

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 \$56,029 as at 30th June 2010. (\$78,847 2009).

38d 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.

38 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.

38 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.

39 FINANCIAL INSTRUMENTS

a) **FINANCIAL INSTRUMENTS –
ACCOUNTING POLICY, TERMS AND CONDITIONS**

Recognised Financial Instrument	Note	Accounting Policy	Terms and Conditions
i) Financial Assets			
Bank Deposits on Call and Bank Bills	16	Valued at face value. Interest recognised as it accrues.	At call deposits returned floating interest rates between 2.95% and 4.45% (2009: 2.95% and 7.20%). The rate at balance date was 4.45% (2009: 2.95%) Bank bills returned floating interest rates between 3% and 5.92% (2009: 3.30% and 8.01%). The weighted average rate at balance date was 5.64% (2009: 3.65%).
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 6.83% and 7.83% (2009: 12.63% to 6.93%)

Recognised Financial Instrument	Note	Accounting Policy	Terms and Conditions
ii) Financial Liabilities			
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.
Bank Loans	27b	Bank loans are carried at the 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% (2009: 6.10% and 7.76%).
Financial Leases	27a	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% (2009: 1.37% and 7.32%)

39b i) FINANCIAL INSTRUMENTS – 2009/2010 - INTEREST RATE RISK

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

	Note	Floating Interest Rate	Fixed Interest Maturing in 1 year or Less	Over 1 to 5 Years	Over 5 Years	Non Interest Bearing	Carrying Amount	Weighted Average Interest Rate
Financial Assets		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
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
Unlisted Shares	17	-	-	-	-	8	8	N/A
Other Receivables	18	748	-	-	-	7,739	8,487	7.23
sub total		2,112	23,491	-	-	7,763	33,366	
Financial Liabilities								
Bank Loans	28b	-	3,566	16,175	19,354	-	39,095	6.69
Payables	26	-	-	-	-	13,151	13,151	N/A
Financial Leases	27a	-	414	1,514	-	-	1,928	7.32
sub total		-	3,980	17,689	19,354	13,151	54,174	
Net Assets/(Liabilities)		2,112	19,511	(17,689)	(19,354)	(5,388)	(20,808)	

39b ii) FINANCIAL INSTRUMENTS – 2008/2009 - INTEREST RATE RISK

Council's exposure to interest rate risk and the effective interest rates on financial assets and financial liabilities for the previous year as follows:

	Note	Floating Interest Rate	Fixed Interest Maturing in 1 year or Less	Over 1 to 5 Years	Over 5 Years	Non Interest Bearing	Carrying Amount	Weighted Average Interest Rate
Financial Assets		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Cash and Cash at Bank	16	5,522	-	-	-	16	5,538	3.52
Cash on Call & Bank Bills	16	-	20,426	-	-	-	20,426	3.65
Unlisted Shares	17	-	-	-	-	8	8	N/A
Other Receivables	18	1,060	-	-	-	4,667	5,727	10.40
sub total		6,582	20,426	-	-	4,691	31,699	
Financial Liabilities								
Bank Loans	28b	-	3,341	15,793	23,302	-	42,436	6.70
Payables	26	-	-	-	-	14,028	14,028	N/A
Financial Leases	27a	-	432	1,853	75	-	2,360	7.21
sub total		-	3,773	17,646	23,377	14,028	58,824	
Net Assets/(Liabilities)		6,582	16,653	(17,646)	(23,377)	(9,337)	(27,125)	

39c FINANCIAL INSTRUMENTS – NET FAIR VALUE

The aggregate fair values of financial assets and financial liabilities as at balance date are as follows:

	Note	2009/10		2008/09	
		Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and Cash Equivalents	16	24,871	24,871	25,964	25,964
Unlisted Shares	17	8	8	8	8
Other Receivables	18	8,487	8,487	5,727	5,727
Total Financial Assets		33,366	33,366	31,699	31,699
Financial Liabilities					
Bank Loans		39,095	36,930	42,436	39,865
Payables		13,151	13,151	14,028	14,028
Financial Leases		1,928	1,928	2,360	2,360
Total Financial Liabilities		54,174	52,009	58,824	56,253

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.

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.

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, no exposure to foreign currency risk and subprime investments. 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. 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 36.

Movement in Provisions for Doubtful Debts

	2010 \$'000	2009 \$'000
Balance at the Beginning of the year	752	750
New Provisions recognised/reduced during the year	(70)	2
Amounts already provided for and written off as uncollectible	-	-
	<u>682</u>	<u>752</u>

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)	5,754	4,382
Past due by up to 30 days	713	412
Past due between 31 and 60 days	69	132
Past due greater than 61 days	<u>4,689</u>	<u>3,248</u>
Total Trade & Other Receivables	<u>11,225</u>	<u>8,174</u>

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$827K (2009 \$920) were impaired. The amount of the provision raised against these debtors was \$678K (2009 \$752K). 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:

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	<u>682</u>	<u>752</u>
Total Trade & Other Receivables	<u>682</u>	<u>752</u>

Liquidity Risk

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

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

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

2009	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	7,515	-	-	-	-	7,515	7,515
Trust funds and deposits	3,748	1,826	462	-	477	6,513	6,513
Interest Bearing loans and borrowings	1,645	1,696	3,566	12,227	23,302	42,436	42,436
Total Financial Liabilities	12,908	3,522	4,028	12,227	23,779	56,464	56,464

39f FINANCIAL INSTRUMENTS – SENSITIVITY DISCLOSURE ANALYSIS

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

- A parallel shift of +2% and -1% in market interest rates (AUD) from years-end rates of 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	Interest Rate Risk				
	Carrying amount Subject to Interest	-1%		+2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
2010	\$'000	\$'000	\$'000	\$'000	\$'000
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	(782)	(782)
Finance Leases	1,928	19	19	(39)	(39)
Net	(15,420)	154	154	(308)	(308)

Market Risk Exposure	Interest Rate Risk				
	Carrying amount Subject to Interest	-1%		+2%	
		100 basis points		200 basis points	
		Profit	Equity	Profit	Equity
2009	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and Cash at Bank	5,522	(55)	(55)	110	110
Cash on Call and Bank Bills	20,426	(204)	(204)	409	409
Other Receivables	1,060	(11)	(11)	21	21
Financial Liabilities					
Bank Loans	42,436	424	424	(849)	(849)
Finance Leases	2,360	24	24	(47)	(47)
Net	(17,788)	178	178	(356)	(356)

399 FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices)
Level 3	inputs for the asset or liability that are not based on observable market data

	level 1	level 2	level 3	total
30-Jun-10				
Available for sale financial assets	-	-	-	-
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Financial assets held for trading	8	-	-	8
	level 1	level 2	level 3	total
30-Jun-09				
Available for sale financial assets	-	-	-	-
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Financial assets held for trading	8	-	-	8

40 FINANCIAL RATIOS (PERFORMANCE INDICATORS)

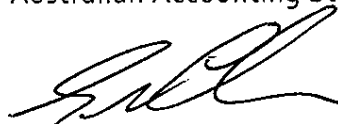
	2010	2009	2008
a) Debt Servicing Ratio The Debt Servicing ratio expresses debt servicing costs (interest and finance charges relating to bank loans and finance leases) as a percentage of total operating revenue, thus identifying the capacity of Council to service its outstanding debt. Council's Debt Servicing ratio is reducing and low, and indicates that Council has a strong capacity to meet financing costs on borrowings.	1.8%	1.9%	2.0%
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. Council's Debt Commitment ratio is reducing, and indicates that resources are not extensively committed to servicing existing debts.	6.9%	7.2%	7.7%
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. Council's Revenue Ratio is consistent and considered low	58.4%	58.6%	56.5%
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. (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). Council's Debt Exposure ratio is reducing and considered low, and indicates that Council is not heavily reliant on debt.	9.2%	10.8%	10.4%

	2010	2009	2008
e) Working Capital Ratio The Working Capital ratio expresses the level of current assets the Council has available to meet its current liabilities, indicating our ability to meet current commitments Council's Working Capital ratio is consistent, and whilst we have no issues, we need to be careful in managing cash flow.	147.6%	134.4%	144.7%
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). When adjusted, the Working Capital ratio indicates that Council has no issues with repaying short term liabilities as they fall due.	193.93%	172.6%	187.1%
Annually, the Victorian Auditor-General reports five financial sustainability measures to the Victorian parliament. Council's assessment of those measures are as follows:			
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). A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Council's Underlying Surplus has been positive for some years, and indicates we are generating surpluses consistently.	6.45%	2.33%	1.19%
h) Liquidity 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. Council's Liquidity ratio of one or more means there is more cash and liquid assets than short-term liabilities.	1.48	1.34	1.45

	2010	2009	2008
i) Indebtedness			
	32.03%	37.23%	40.23%
The Indebtedness indicator compares non-current liabilities (mainly comprised of borrowings) to own-sourced revenue. The higher the percentage, the less able to cover non-current liabilities from the Council generated revenues. Owned-sourced revenue is used (rather than total revenue) because it does not include non-cash developer contributions. Council's Indebtedness is reducing and indicates that Council has no concern over the ability to repay debt from own source revenue.			
j) Self Financing	21.30%	18.87%	13.97%
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. The higher the percentage, the more effectively this can be done. Council's Self Financing result indicates that we are now generating enough cash from operations to fund replacement of assets.			
k) Investment Gap	1.31	1.20	1.11
Council's Investment Gap indicator compares the rate of spending on infrastructure with annual depreciation and amortisation. Council's Investment Gap indicator is increasing, indicating that spending is proportionally higher than depreciation.			

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.



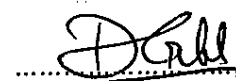
.....Principal Accounting Officer
Geoff Emberson, B.Bus (Acc), ASA

Date: 30/08/2010

In our opinion the accompanying financial statements present fairly the financial transactions of the Mornington Peninsula Shire for the year ended 30 June 2010 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 24th August 2010 to certify the financial statements in their final form.



.....Councillor
Cr David Gibb



.....Councillor
Cr Anne Shaw

Date: 31/08/2010



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

Date: 30/08/2010



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 2010 of Mornington Peninsula Shire Council which comprises of 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 2010 of the Council which comprises of 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 have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of 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.

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Victorian Auditor-General's Office

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.

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of Mornington Peninsula Shire Council for the year ended 30 June 2010. The Councillors of Mornington Peninsula Shire Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on Mornington Peninsula Shire Council website.

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 Mornington Peninsula Shire Council as at 30 June 2010 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*.

MELBOURNE
2 September 2010


J D R Pearson
Auditor-General

Standard Statements for the year ended 30 June 2010

Notes to the Standard Statements

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 27th July 2009. 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 2010

Budget	Actual			
2010	2010	Variance	Variance	Ref
\$'000	\$'000	\$'000	%	

Revenue from ordinary activities

Rates and Charges	96,873	97,127	254	0.26	
Statutory Fees and Charges	3,650	3,689	39	1.07	
User Fees	22,704	20,721	(1,983)	(8.74)	
Contributions - cash	2,769	5,206	2,437	88.01	1
Contributed Assets	8,000	12,789	4,789	59.86	2
Grants - Recurrent	16,804	19,025	2,221	13.22	3
Grants - Capital	7,106	6,325	(781)	(10.99)	4
Interest	870	1,424	554	63.68	5
Total revenues	158,776	166,306	7,530		

Expenses from ordinary activities

Employee Costs	48,671	50,755	(2,084)	(4.28)	
Materials and Contracts	66,190	62,275	3,915	5.91	
Depreciation and Amortisation	19,408	20,464	(1,056)	(5.44)	
Finance Costs	2,929	2,918	11	0.38	
Other Expenses	3,875	3,992	(117)	(3.02)	
Assets Written Off	-	3,313	(3,313)	100.00	6
Total expenses	141,073	143,717	(2,644)		

Net Gain/(Loss) on Sale/Disposal of Assets	-	124	124	100.00	7
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Net result from ordinary operations	17,703	22,713	5,010		
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Standard Statement of Financial Performance

For the Year Ended 30 June 2010

Explanation of Variances

Revenues

1	Contributions - cash	Recreation Land contributions from developers were greater than the original budget by \$1,506k, due to subdivisional activity remaining higher than anticipated. Unbudgeted contributions received for Bayview Road special charge scheme \$190k. Cash contributions towards capital, priority works and priority projects were greater than anticipated due to a number of projects, not included in the annual budget proceeding during the year. Unbudgeted contributions for shopping centre Promotional Schemes at Mt Eliza, Rosebud, Hastings and Sorrento \$245k.
2	Contributed Assets	The budget for in-kind contributions (\$8m) (from subdivisions), was premised on previous years actual results, but the actual for the year was \$4.79m more than anticipated.
3	Grants - Recurrent	Unbudgeted grants received for a number of priority projects, priority works projects and the Early Years Promotion Project.
4	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.
5	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

6	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.
7	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 2010

	Budget 2010 \$'000	Actual 2010 \$'000	Variance \$'000	Variance %	Ref
Current Assets					
Cash and Cash Equivalents	21,283	24,871	3,588	16.86	1
Receivables	7,854	11,071	3,217	40.96	2
Inventories	199	199	-	0.00	
Other	1,307	1,113	(194)	(14.84)	3
Assets held for sale	2,500	3,068	568	22.72	4
Total Current Assets	33,143	40,322	7,179		
Non-Current Assets					
Other Financial Assets	8	8	-	-	
Receivables	750	349	(401)	(53.47)	5
Land and Buildings	740,787	801,609	60,822	8.21	
Plant, Furniture and Equipment	7,894	7,767	(127)	(1.61)	
Infrastructure	851,829	914,626	62,797	7.37	
Intangibles	50	1,159	1,109	2,218.00	6
Total Non-Current Assets	1,601,318	1,725,518	124,200		
Total Assets	1,634,461	1,765,840	131,379		
Current Liabilities					
Payables	5,479	7,323	(1,844)	(33.66)	7
Trust Funds and Deposits	6,475	5,828	647	9.99	8
Interest-bearing Liabilities	4,164	3,980	184	4.42	
Provisions	9,640	10,187	(547)	(5.67)	
Total Current Liabilities	25,758	27,318	(1,560)		
Non-Current Liabilities					
Interest-bearing Liabilities	38,323	37,043	1,280	3.34	
Provisions	1,843	2,382	(539)	(29.25)	9
Total Non-Current Liabilities	40,166	39,425	741		
Total Liabilities	65,924	66,743	(819)		
Equity					
Accumulated Surplus	834,188	842,359	(8,171)	(0.98)	
Reserves	734,349	856,738	(122,389)	(16.67)	10
Total Equity	1,568,537	1,699,097	(130,560)		
Total Liabilities and Equity	1,634,461	1,765,840	(131,379)		

Standard Statement of Financial Position For the Year Ended 30 June 2010

Explanation of Variances

It should be noted that 2009/10 Annual Budget was adopted by Council before the 2008/09 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	Other	Budget assumed a higher level of year end adjustments. Refer Financial Statements note 19 for details.
4	Assets held for sale	The amount anticipated for the land sale program has increased compared to the previous year.

Non Current Assets

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

Current Liabilities

7	Payables	Budget assumed a lower level of payables at year end. All amounts accrued are expected to be paid or refunded in the next 12 months. The level of accruals was greater than anticipated. Refer Financial Statements note 26 for details.
8	Trust Funds and Deposits	Budget assumed a lower level of Trust Funds and Deposits. Refer Financial Statements note 27 for details.

Non Current Liabilities

9	Provisions	The Annual Budget was adopted by Council before the 2008/09 Financial Statements were finalised, consequently, actual information was different from budget assumption.
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Equity

10	Reserves	Refer note 8. Refer Financial Statements note 30 for details.
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Standard Statement of Cash Flows For the Year Ended 30 June 2010

Budget	Actual			
2010	2010	Variance	Variance	Ref
\$'000	\$'000	\$'000	%	

Cash Flows from Operating Activities

Receipts (inclusive of GST, wherever applicable)

General Rates	96,873	96,993	120	0.12	
User Charges and Other	30,164	25,397	(4,767)	(15.80)	1
Cash Contributions	2,769	5,207	2,438	88.05	2
Government Grants	23,911	23,860	(51)	(0.21)	3
Interest	870	1,435	565	64.94	4
Net GST Refund	5,768	6,660	892	15.46	5
	160,355	159,552	(803)		

Payments (inclusive of GST, wherever applicable)

Employee Costs	48,671	49,577	(906)	(1.86)	
Materials and Contracts	77,401	73,092	4,309	5.57	
Other Expenses	3,875	4,108	(233)	(6.01)	
	129,947	126,777	3,170		

Net Cash Inflows / (Outflows) from Operating Activities

	30,408	32,775	2,367		
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Cash Flows from Investing Activities

Payments for

Land and Buildings	7,643	4,349	3,294	43.10	6
Infrastructure Assets	24,646	19,776	4,870	19.76	7
Plant, Furniture and Equipment	1,866	2,667	(801)	(42.93)	8
	34,155	26,792	7,363		

Proceeds from

Sale of Land and Buildings	2,500	297	(2,203)	(88.12)	9
Sale of Plant, Furniture and Equipment	50	21	(29)	(58.00)	10
	2,550	318	(2,232)		

Net Cash Inflows / (Outflows) from Investing Activities

	(31,605)	(26,474)	5,131		
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Cash Flows from Financing Activities

Finance Costs	(2,929)	(2,942)	(13)	(0.44)	
Proceeds from Borrowings	1,500	-	(1,500)	(100.00)	11
Repayment of Borrowings	(3,377)	(3,341)	36	1.07	
Repayment of Finance Leases	(432)	(432)	0	0.00	
Movement in Deposits and Bonds	-	(679)	(679)	(100.00)	12

Net Cash Inflows / (Outflows) from Financing Activities

	(5,238)	(7,394)	(2,156)		
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Net Increase / (Decrease) in Cash Held

	(6,435)	(1,093)	5,342		
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Cash and cash equivalents at the beginning of the Financial Year

	27,718	25,964	(1,754)		
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Cash and cash equivalents at the end of the Financial Year

	21,283	24,871	3,588		
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Standard Statement of Cash Flows

For the Year Ended 30 June 2010

Explanation of Variances

1	User Charges and Other	Contributions for special charge schemes was less than budget as a significant number of schemes have been carried over to 2010/11.
2	Cash Contributions	Cash contributions from developers were \$1.7M greater than anticipated. Cash contributions towards capital, priority works, and priority projects, were greater than anticipated due to a number of projects, not included in the annual budget, proceeding during the year.
3	Government Grants	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.
4	Interest	At the time of 09-10 budget preparation it was anticipated that interest rates would remain low due to the global economic downturn. During the year Council had additional funds to invest and rising interest rates gave the favourable cash inflows.
5	Net GST Refund	Refunds for payments made were more than anticipated.
6	Land and Buildings Assets	Payments less than budget due to capital projects carried forward to 2010/11. Refer Standard Statement of Capital Works.
7	Infrastructure Assets	Payments less than budget due to capital projects carried forward to 2010/11. Refer Standard Statement of Capital Works.
8	Plant, Furniture and Equipment Assets	Payments more than budget due to additional capital expenditure. Refer Standard Statement of Capital Works.
9	Sale of Land and Buildings	Some properties that were intended for disposal during 2009/10 will not be finalised until 2010/11.
10	Sale of Plant, Furniture and Equipment	Not all budgeted trade-ins proceeded with.
11	Proceeds from Borrowings	Council Borrowings for 2009/10 did not proceed as anticipated.
12	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 2010

	Budget	Actual			
	2010	2010	Variance	Variance	Ref
	\$'000	\$'000	\$'000	%	
Capital Works Areas					
Land	87	426	(339)	(389.31)	1
Buildings	7,556	4,846	2,710	35.86	2
Infrastructure - Roads	18,558	15,590	2,968	15.99	3
Infrastructure - Drainage	2,241	1,428	813	36.28	4
Infrastructure - Other	3,847	3,626	221	5.74	5
Plant, Equipment and Other	816	847	(31)	(3.80)	
Library Bookstock	1,050	1,022	28	2.67	
Total Capital Works	34,155	27,785	6,370		

Types of Capital Works

Asset Renewal	16,322	18,306	(1,984)	(12.16)	a
Asset Expansion	1,069	571	498	46.59	b
Asset Upgrade	11,215	5,097	6,118	54.55	c
New Assets	5,549	3,811	1,738	31.32	
Total Capital Works	34,155	27,785	6,370		

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	34,155	27,785	6,370	18.65
Asset Revaluations and Adjustments	-	76,626	(76,626)	100.00
Granted Assets	8,000	12,789	(4,789)	(59.86)
Depreciation and Amortisation	(19,408)	(20,464)	1,056	(5.44)
Assets Recognised	-	10,919	(10,919)	(100.00)
Assets Derecognised	-	(14,135)	14,135	(100.00)
Operating Expense Capitalised in Prior Years	-	(3,313)	3,313	(100.00)
Net Movement	22,747	90,207	(67,460)	

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 2010

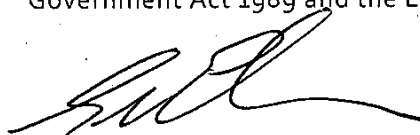
VARIANCE EXPLANATION REPORT

It should be noted that 2010/11 Annual Budget was adopted by Council before the 2009/10 Financial Statements were finalised.

1	Land	Additional costs associated with the construction of the Waste Disposal Landfill Cell at Rye \$285k.
2	Buildings	Primarily due to projects carried forward to 2010/11, due to planning issues, weather delays, and extended consultation, including – Community Hub Hastings \$2.1m, Southern Peninsula Aquatic Centre \$280k, Mt Martha House \$189k, Rosebud West Community Centre \$158k and Leachate Treatment Plant – Rye Landfill deferred.
3	Infrastructure - Roads	Offset by additional externally funded expenditure for Wallaroo Child and Family Centre \$465k. Primarily due to projects carried forward to 2010/11, including Blackspot projects, Roads to Recovery projects and Mornington North Precinct projects. Offset by a greater than anticipated capitalised value for road renewal works under Safer Local Roads program of \$3.4m.
3	Infrastructure - Drainage	Special Charge Scheme projects carried forward include Wonderland Terrace, Mt Martha \$1.032m; Tintagel/Freemans; Mt Eliza \$438k; Barkly St Mornington \$486k; Jerula Ave, Mt Eliza \$500k and Bayview Avenue Rosebud \$270k. Primarily due to The Eyrie, McCrae project being carried forward to 2010/11 \$919k.
4	Infrastructure - Other	Primarily due to projects carried forward to 2010/11, including National bike path projects, offset by additional funded expenditure for Bus Stop DDA program \$240k and Emil Madsen Pavilion \$377k.

Statement by Councillors and Principal Accounting Officer

In my opinion the accompanying standard statements of the Mornington Peninsula Shire Council in respect of the 2009/2010 financial year have been prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

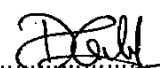

.....Principal Accounting Officer
Geoff Emberson, B.Bus (Acc), ASA

Date: 30/08/2010

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.

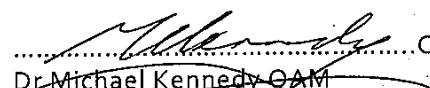
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 24 August 2010 to certify the standard statements in their final form.


.....Councillor
Cr David Gibb


.....Councillor
Cr Anne Shaw

Date: 31/08/2010


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

Date: 30/08/2010

Performance Statement for the year ended 30 June 2010

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 has 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 first 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 2009/10 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 Hastings Land Use and Transportation Strategy	Report to Council by 30 June 2010	Achieved Report to Council Development Assessments Committee 17 May 2010
Assessment of Planning Applications	Community Satisfaction rating on Town Planning Policies and Approvals	LGV Community Satisfaction Survey score > 57	Not Achieved Score of 52 achieved
Encouraging a distinct 'sense of place	Adoption of 'Heart of Rosebud' Precinct Plan	Report to Council by 30 June 2010	Not Achieved Project deferred pending Rosebud Structure Plan adoption
Pursuing safe environments and e.s.d through good design	Use of Design Advisory Panel to assess projects	DAP to assess > 10 applications	Achieved Design Advisory panel considered 13 applications
Recognition and protection of our heritage assets	Completion of Stage 2 of the Heritage Review (Analysis and classification methodology)	Completion by 30 June 2010	Not Achieved Project commenced but not 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	Achieved 731 properties received rebate
Managing our coast line	Completion of Stony Point Coastal Management Plan	Completion by 30 June 2010	Not Achieved Project deferred to 2010/11
Satisfactory Completion of ICLEI Cities for Climate Protection (CCP) Program – milestone 5	Successful completion	Report to Council by 30 June 2010	Achieved Milestone 5 achieved (Note – no longer a requirement to report to ICLEI)
Implementation of waste disposal strategies	Community Satisfaction rating on Waste Management	LGV Community Satisfaction Survey score > 73	Not Achieved Score of 69 achieved
Creating safe, healthy and engaged communities			
Fostering a culturally enriched community	Review of Festival of Arts Event	Report to Council by 30 June 2010	Not Achieved Project deferred to 2010/11

Key Strategic Activity	Performance Measure	Performance Target	Achievements
Optimising Health and Wellbeing for all ages	Community Satisfaction rating on Health and Human Services	LGV Community Satisfaction Survey score > 73	Not Achieved Score of 72 achieved
Providing and maintaining community facilities	Community Satisfaction rating on Appearance of Public Areas	LGV Community Satisfaction Survey score > 66	Not Achieved Score of 63 achieved
Supporting an active, connected community	Adoption of a lifelong learning policy and strategy	Report to Council by 30 June 2010	Not Achieved Not completed
Making communities safe	Inspection of all private vacant land for fire hazard clearance	Inspections completed by 31 December 2010	Achieved 3,637 properties inspected
Supporting a sustainable Peninsula economy			
Marketing the Peninsula as a tourism destination	Completion of Annual Tourism Survey	Presentation to Council by 30 June 2010	Not Achieved Report received in May 2010 but not yet presented to Council
Encouraging a resilient Peninsula economy	Commencement of implementation of 2009-2014 Economic Development Strategy	Presentation to Council by 30 June 2010	Achieved Considered by Council in briefing on 15 Feb 2010
Being responsible, accountable and forward thinking			
Delivering quality service	Community Satisfaction rating on Performance in Key Service Areas	LGV Community Satisfaction Survey score > 66	Not Achieved Score of 62 achieved
Building a competent and healthy workplace	Implementation of annual training program for staff	> 20 staff completing a Tertiary Education program	Achieved 40 staff undertaking a Tertiary Education program
Demonstrating good corporate and democratic operations	Implementation of MAV legislative Compliance software	Completion of implementation	Not Achieved Software acquired but implementation not complete
Engaging with the community	Community Satisfaction rating on Advocacy and Community Engagement	LGV Community Satisfaction Survey score > 62 for both	Not Achieved Score of 61 achieved for both
Sustainably managing our finances	Victorian Auditor General's assessment of financial sustainability	Council Overall Rating = Low Risk	Achieved

Council Approval of the Performance Statement

In our opinion the accompanying performance statement of Mornington Peninsula Shire Council in respect of the 2009/2010 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.

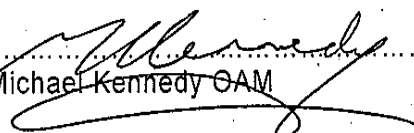
As at the date of signing, we are not aware of any circumstances which would render any particulars in the statement to be misleading or inaccurate.

On 24th August 2010 we have been authorised by the Council to certify the performance statement in its final form.


.....Councillor
Cr David Gibb


.....Councillor
Cr Anne Shaw

Date: 31/08/2010


.....Chief Executive Officer
Dr Michael Kennedy OAM
Date: 30/08/2010



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 2010 of Mornington Peninsula Shire Council which comprises the statement, the related notes and the Council Approval of the Performance Statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of 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.

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the performance statement published in both the annual report and on the website of Mornington Peninsula Shire Council for the year ended 30 June 2010. The Councillors are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on Mornington Peninsula Shire Council website.

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Auditing in the Public Interest



Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the performance statement of Mornington Peninsula Shire Council in respect of the 30 June 2010 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
2 September 2010


D D R Pearson
Auditor-General

