

CITY OF MELBOURNE

2010 | II
ANNUAL REPORT

CITY OF MELBOURNE ANNUAL REPORT 2010-2011

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PURPOSE OF THIS ANNUAL REPORT

This annual report documents the City of Melbourne's performance over the 2010-11 financial year against the eight goals of Council Plan 2009-13 and the 2010-11 Annual Plan and Budget. It includes issues that impact on the sustainability of our municipality and our organisation and outlines our sustainability performance.

The report comprises three main parts. The first part provides an overview of the City of Melbourne and the communities we serve. The second part includes highlights of our performance against the goals of the Council Plan 2009-13 and details of our performance against the key strategic activities of the 2010-11 Annual Plan *and Budget*. It also outlines our performance against strategic and global reporting indicators. The third part includes the financial statements.

As part of our commitment to environmental sustainability, the City of Melbourne has produced a summary report which will be downloadable from our website or by contacting 03 9658 9658.

The annual report meets our obligations under Section 131 of the *Local Government Act 1989* (Vic) and the requirements of the Global Reporting Initiative (GRI) framework for sustainability reporting.

Measuring performance

Success is measured by our performance against the goals of our Council Plan 2009-13 which align directly with the goals of the Future Melbourne Community Plan. Future Melbourne's ambitious goals inspire us to improve the liveability and sustainability of our municipality. The Annual Plan and Budget 2010-11 set the actions and results for the financial year.

Strategic indicators have been set to monitor progress against our Council Plan 2009-13 and performance against these indicators is outlined in the second part of this report.

The United Nations Global Compact

The City of Melbourne was the first local government in the world to align with the United Nations Global Compact's 10 guiding operational principles covering human and labour rights and environmental protection. The City of Melbourne takes a collaborative approach to addressing the social, environmental and economic challenges, also known as addressing the 'triple bottom line'. We continue to support the development of the United Nations Global Compact Cities Program.

Sustainability reporting

Melbourne is a recognised leader in the field of environmental sustainability. We aim to improve the sustainability of the municipality's building stock, reduce carbon emissions, develop ways to capture, store and use water efficiently, better manage and improve the disposal of waste, and respond to the potential effects of climate change.

The GRI is an independent program that provides one of the world's most widely used standards for sustainability reporting.

We follow the GRI's sustainability reporting guidelines, which provide a framework to measure, track, report on and compare economic, environmental and social performance. The GRI index is located on page 74 of the annual report.

We want your feedback

Residents, ratepayers, businesses, visitors, staff, partners, suppliers and collaborators, sister cities, government departments and community agencies are all affected by the City of Melbourne's decisions.

To improve reporting on our performance, we are keen to hear your thoughts on this annual report. For more information and to provide feedback, please visit melbourne.vic.gov.au or phone us on 03 9658 9658.

VISION, MISSION AND VALUES

Vision

Melbourne as a bold, inspirational and sustainable city.

Mission

The City of Melbourne will strive to achieve the community's vision of Melbourne as a bold, inspirational and sustainable city which:

- makes Melbourne great for people to live in and visit
- achieves the creative potential of the city
- protects and strengthens the city's economic prosperity
- makes Melbourne a recognised knowledge city that supports innovation and technology
- demonstrates leadership in environmental sustainability
- works vigorously for a connected city, which is safe and supports the efficient movement of people and freight
- leads by example and manages resources well.

Values

For City of Melbourne employees and Councillors to be the best at what they do and achieve the corporate vision and mission, their actions and decisions are guided by a set of five fundamental and unifying values: integrity, courage, accountability, respect and excellence.

Integrity: we take responsibility for our actions in an honest and transparent way.

Courage: we dare to create new and better ways of doing business.

Accountability: we take responsibility for decisions and actions to achieve agreed outcomes.

Respect: we consider and understand the perspective and contribution of others.

Excellence: we continuously improve our performance to achieve outstanding outcomes for Melbourne.

Realising our vision

Our Council Plan 2009-13 identifies eight goals that will guide us towards our vision.

Our aspirations for the city are reflected in the first six goals. Our municipality will become:

1. a city for people
2. a creative city
3. economically prosperous
4. a knowledge city
5. an eco-city
6. a connected city.

A further two goals relate to our internal performance and give direction for the good governance and management of our organisation. The City of Melbourne will:

7. lead by example
8. manage our resources well.

MESSAGE FROM THE LORD MAYOR

An historic investment in the city's future was the centrepiece of Council's budget this year. Our capital works spending plays a vital role in promoting Melbourne's competitive advantage and creating opportunities for our community. We plan to spend a record \$346.55 million on programs and services and \$107.3 million to enhance and build new infrastructure. This means that Council is on track to deliver record investments of \$1.3 billion in programs and services for the people of Melbourne and \$250 million in infrastructure by the end of this Council's term.

Last year we kept the rate rise at 1.9 per cent, our lowest rate rise in almost a decade. This year, we have gone a step further with a rate rise of 1.65 per cent. Three years of prudent financial management by this Council means that ratepayers are reaping the rewards. The redevelopment of Swanston Street has begun; planning for new community hubs, libraries, health services, artist studios in Docklands, Southbank and Carlton are well underway; we are putting in place measures to protect our city from extreme weather events; and we continue to expand our events program to keep our city safer at night.

A safe and prosperous city benefits all businesses, residents and visitors and City of Melbourne continues to work hard in activating all areas of the city to keep visitation numbers high. Retail floor space has expanded, and demand for office space is high – Melbourne's central city has the lowest vacancy rate of all the big city centres in Australia. All this points to continued prosperity in our city.

As the city's population continues to grow it is vital that we deliver a range of initiatives and services to meet the needs of residents, workers and visitors – to strengthen Melbourne's economic growth and ensure that our city remains one of the most sustainable and liveable cities in the world.

Robert Doyle
Lord Mayor

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The 2010-11 financial year was a significant one, as Melbourne celebrated its 175th anniversary. The Council has worked tirelessly to ensure a bold, inspirational and sustainable city. Against greater than predicted population growth, we continued to deliver core services to the community, while also lifting Melbourne's environmental, social and economic profile.

Delivering on our commitments

We delivered almost all of the 34 activities and initiatives (A&I) contained in the Council's 2010-11 Annual Plan to 80 per cent or more complete. We also completed 80 per cent of the Council's 10 key strategic activities (KSAs) identified as high priorities, while still delivering a surplus of \$19 million. A snapshot of these achievements is contained in this report.

Efficient organisation

Our efforts to improve efficiency again reaped significant rewards. By further developing the Lean Thinking program, we were able to consolidate last year's gains while taking important steps forward. This resulted in further savings of more than \$700,000 and a productivity release of more than 3200 hours. These numbers only represent work programs where Lean implementation has commenced and measurement is possible. The Lean journey continues for some work streams with further improvements expected next year.

Engaging our community

In 2010-11, our approach to community engagement continued with an increasing number of work areas implementing the organisation-wide framework. Council has committed to this process with all of the 2010-11 KSAs identifying community engagement as an inherent component. More than 200 staff members undertook the half-day introduction to community engagement training, while a further 29 were trained in the practice of quality facilitation.

According to residents responding to the *Local Government Community Satisfaction Survey*, our overall performance remained consistently higher than the average for Victorian councils. We also achieved the highest satisfaction ratings in areas such as economic development and appearance of public areas.

Our people: Leading by example

Once again, our staff have excelled in a variety of domains this year. I thank all staff for their tremendous work over the past financial year. The dedication they have shown to ensure Melbourne remains one of the world's most liveable cities has been inspiring.

Special mention must go to those work areas recognised with awards during this period. For the second consecutive year, our Customer Contact Centre won the Victorian ATA Teleservices Centre of the Year for Contact Centres with under 50 staff. The City of Melbourne also placed third in the 2011 Local Government Managers Australia Management Challenge's Australasian Final, while also claiming the Victorian Government's Fair and Flexible Employer Recognition Award, again for the second year running.

Other awards included national finalist at the HR Leader Awards for Best Health and Wellbeing Strategy, National Adaptation Champions by the National Climate Change Adaptation Research Facility, and finalist for the LGPro Excellence in Local

Government Corporate and Community Planning Award for our Lean continuous improvement program.

Our City of Melbourne Education and Training (CoMET) Learning Program continued to flourish in 2010-11, offering 114 learning workshops which were attended by 920 staff. Additionally, 17 staff successfully gained a Diploma of Management, which the City of Melbourne partners with Swinburne University of Technology to deliver.

I would also like to recognise our Council. Its guidance and foresight throughout 2010-11 has been of the highest standard. The partnership between Council and staff is integral to our success and I thank the Lord Mayor and councillors for their vital contributions to the City of Melbourne.

Dr Kathy Alexander
Chief Executive Officer

BUILDING ON THE FIRST 175 YEARS TO ENSURE A LIVEABLE, SUSTAINABLE MELBOURNE

Each year the City of Melbourne includes an 'in focus' section of the annual report.

This year our focus is Building on the first 175 years to ensure a liveable, sustainable Melbourne.

Melbourne and its surrounds have been inhabited by Aboriginal Australians for thousands of years. On 30 August 1835, a ship called the *Enterprize* and its crew arrived on the north bank of the Yarra River, close to the present day central business district, establishing what would become the City of Melbourne.

This city is now 175 years old and has drawn its population from the four corners of the world. The city centre is home to almost 100,000 residents, who are joined daily by hundreds of thousands of office workers, students and visitors who share the streets, laneways, parks and gardens of the modern city.

Contemporary Melbourne is consistently acknowledged as one of the world's most liveable cities. Shortly after the completion of the 2010-11 reporting period, Melbourne was awarded the title of "World's most liveable city", based on achievements across a broad range of criteria which includes political and social stability, crime rates, access to quality health care, cultural events, the environment, education and the standard of infrastructure.*

This annual report chronicles the financial year 2010-11 in which the City of Melbourne focused on building an even more sustainable and liveable city.

Capital works spending of more than \$75 million included:

- completion of the final stage of the Royal Botanic Gardens 'Tan' running track
- refurbishment of the 'Creative Spaces' West Melbourne artists' studio which won an Architecture Victoria Award
- completion of a new children's playground at the Grant Street Reserve on Southbank and
- commencement of Stage 1 of the Swanston Street redevelopment – a multi-million dollar project to transform the city's civic spine and deliver new bicycle routes, high-quality bluestone and white granite paving, attractive floral displays, new trees in select locations, public art, new street benches, upgraded cafe awnings and world-first technology feature lighting.

Melbourne is recognised as a leader in the field of sustainability and in 2010-11 the city moved to harvest stormwater in the vicinity of the Royal Exhibition Building, in Darling Street East Melbourne, Birrarung Marr and the Fitzroy Gardens.

These works are designed to increase the use of reclaimed water in the city from 20 per cent to 70 per cent in the next few years. And as part of a commitment to be carbon neutral by 2020, the City of Melbourne is partnering in the 1200 Buildings program to encourage and support building owners, managers and facility managers to improve energy and water efficiency as well as reduce waste to landfill from commercial buildings.

Retrofitting benefits owners by future proofing building assets against rising energy costs, as well as attracting and retaining tenants. The program contributes real 'triple bottom line' benefits by reducing the sector's contribution to global greenhouse gas emissions.

We are building on the first 175 years to ensure a liveable, sustainable Melbourne for all those who call this city home today or will become residents of this great city in the years to come.

* Economist Intelligence Unit's Global Liveability Survey, August 2011.

MELBOURNE

Melbourne is the capital of Victoria and Australia's second largest city. It sits on the south-east edge of our continent on the shores of one of the world's largest bays, Port Phillip Bay.

The municipality of Melbourne has a residential population of almost 100,000 and covers 37.6 km². It is the anchor of the much larger Melbourne metropolitan region which has a population of four million people and spreads more than 40 km to the south, 30 km to the east and 20 km to the north.

Workers, students and visitors swell the municipality's daily population to around 788,000 during week days and each weekend more than 548,000 people visit the city.

Melbourne is the gateway to Victoria, the seat of the Victorian Government and a major city in the global economy. It has a strong export focus and is a leader in professional and business services, financial services, education, health and medical research, retail and major events.

The municipality has changed dramatically over the last decade with more than 100 new commercial and residential buildings added, including extensive development at its waterfront suburbs, Docklands and Southbank.

Melbourne offers the best of many worlds with magnificent tree-lined boulevards, a mix of classic and modern architecture and a unique blend of Asian and European style. As noted in the introduction to this year's annual report Melbourne is consistently ranked as one of the world's most liveable cities by the Economist Intelligence Unit, including first place shortly after the conclusion of the 2010-11 reporting period.

The people

The municipality of Melbourne has approximately 96,000 people and is culturally very diverse. Just under half the residents were born overseas or have at least one parent born overseas. At least a third speak a language other than English at home, with Mandarin the most common language spoken.

The city also has the youngest population of the wider Melbourne metropolitan area, with a median age of 28 years. Approximately 30 per cent of residents are aged between 25 and 34 years. Many city residents are international students.

Facts and figures

- median house price: \$940,000 (March 2011)
- 145,300 cafe and restaurant seats for diners
- almost 1.5 million international visitors per year
- 471 hectares of parks and reserves
- 15,400 businesses located in the city
- 406,000 workers located in the city
- key industry sectors: professional and business services, advanced manufacturing, biotechnology, creative industries, financial services, healthcare, higher education, hospitality, information communications technology, retail and tourism.

The City of Melbourne's extensive research program has a large collection of statistics, maps, area profiles and other information about Melbourne.

Stakeholders

Our stakeholders include anyone with an interest in what we do and the services and programs we provide. They are:

- our local community, including residents, ratepayers, businesses, workers, students, visitors, unions, the media, community groups and associations, the education sector and other local government authorities
- our working partners, including other government bodies and agencies, our suppliers and consultants, neighbouring communities, the business community and others
- our global partners, including our city partners, investors, event organisers and others.

We work with stakeholders in many ways. Our community engagement framework guides the way we communicate with our stakeholders, from how we conduct formal consultations on significant policies, programs and services, to specific issue advisory groups and our daily interactions with those who use our services and facilities. These interactions provide an important insight into how we can continue to improve the quality of our services.

MELBOURNE CITY COUNCIL

Melbourne City Council is the local government body responsible for the municipality of Melbourne. The Council consists of a lord mayor and deputy lord mayor (the leadership team) and seven councillors.

Under the provision of the City of Melbourne Act 2001 (Vic):

- Melbourne is not divided into wards
- the leadership team is elected separately from councillors
- the preferential voting system is used to elect the leadership team and proportional representation is used to elect councillors.

The current Council was elected for a four year term in November 2008. A vacancy was created on 24 June 2011 with the resignation of Cr Peter Clarke. Cr Jackie Watts was elected at the countback held on 19 July 2011. The next council election is scheduled for October 2012. Further information about local government elections is available from the Victorian Electoral Commission at www.vec.vic.gov.au

The Council's role

The *Local Government Act 1989* (Vic) sets out the primary purposes and objectives of Melbourne City Council and defines its functions and powers. The Council is a public statutory body incorporated under the Act. Its role is to govern the municipality of Melbourne in service of the community.

The Council:

- acts as a representative government and considers community needs when making decisions
- establishes strategic objectives for municipal services and monitors their achievement
- ensures the responsible and accountable management of the City of Melbourne's resources
- advocates local community interests to other communities and governments
- is a responsible partner in government, taking the needs of other communities into account
- fosters community cohesion and encourages participation in civic life.

Councillors' profiles

Lord Mayor Robert Doyle

First elected in 2008.

The Lord Mayor is Chair of meetings of the Melbourne City Council and represents the City of Melbourne on the following advisory committees and external organisations:

- Council of Capital City Lord Mayors
- Shrine of Remembrance
- Australian Council of Local Government Steering Committee
- Lord Mayor's Charitable Foundation
- Melbourne Arts Trust
- Cancer Council of Victoria
- Enterprise Melbourne Advisory Board.

Deputy Lord Mayor Susan Riley

Served as Deputy Lord Mayor, 2001-04. Re-elected in 2008.

The Deputy Lord Mayor represents the City of Melbourne on the following advisory committees and external organisations:

- Audit Committee
- Inner South Metropolitan Mayors' Forum
- Major Projects Advisory Committee
- Melbourne Awards Advisory Board Chair
- Melbourne Arts Trust
- Melbourne Retail Advisory Board 2009-12
- Melbourne Spring Fashion Week Advisory Board (Deputy Chair)
- Moomba Advisory Board
- Police Community Consultative Committee – Central Activities District
- Procurement Australia
- Shrine of Remembrance – Remembrance Day Dinner Committee Chair
- Lady Mayoress' Committee (Acting Chair).

Councillor Peter Clarke

First elected in 2004 and re-elected in 2008.

Cr Clarke is Chair of the Future Melbourne (Planning) Committee and is the council's representative on the Inner Melbourne Action Plan Implementation Committee. Cr Clarke represents the City of Melbourne on the following advisory committees and external organisations:

- Central City Standing Advisory Committee
- Inner South Metropolitan Mayors' Forum
- Major Projects Advisory Committee.

Cr Clarke resigned from Council after the 2010-11 reporting period concluded.

Councillor Carl Jetter

First elected in 2004 and re-elected in 2008.

Cr Jetter is Chair of the Future Melbourne (Economic Development and Knowledge City) Committee and currently represents the City of Melbourne on the following advisory committees and external organisations:

- City Licensing Approvals Forum
- District Precinct Program 2007-11
- Melbourne Hospitality Advisory Board 2009-12
- Moomba Advisory Board.

Councillor Jennifer Kanis

First elected in 2008.

Cr Kanis is Chair of the Future Melbourne (People and Creative City) Committee, Deputy Chair of the Future Melbourne (Planning) Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- Disability Advisory Committee
- Family and Children's Advisory Committee
- Housing Choices Australia
- Indigenous Advisory Panel
- Melbourne Music Steering Committee
- Melbourne Symphony Orchestra Board
- Parks and Gardens Advisory Committee
- Queen Victoria Market Sub-Committee.

Councillor Kevin Louey

First elected in 2008.

Cr Louey is Chair of the Future Melbourne (Connected City) Committee. He is also Co-Chair of the Docklands Co-ordination Committee. Cr Louey also represents the City of Melbourne on the following advisory committee:

- Metropolitan Transport Forum.

Councillor Cathy Oke

First elected in 2008.

Cr Oke is Chair of the Future Melbourne (Eco-City) Committee, Deputy Chair of the Future Melbourne (Connected City) Committee, Deputy Co-Chair of the Docklands Coordination Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- Bicycle Reference Group
- International Council for Local Environment Initiatives (ICLEI) Australia/New Zealand Oceania Board
- ICLEI Executive Committee
- Melbourne Music Steering Committee
- Metropolitan Waste Management Group
- Parks and Gardens Advisory Committee
- Queen Victoria Market Sub-Committee
- Victorian Road Based Public Transport Advisory Council
- Water Reference Group

- Yarra Park Advisory Committee
- Zoos Victoria 150th Anniversary Committee.

Councillor Ken Ong

First elected in 2008.

Cr Ong is Deputy Chair of the Future Melbourne (Economic Development and Knowledge City) Committee, Deputy Chair of the Future Melbourne (Finance and Governance) Committee and Deputy Chair of the Future Melbourne (People and Creative City) Committee. Cr Ong also represents the City of Melbourne on the following advisory committees and external organisations:

- Committee for Melbourne
- District Precinct Program 2007-10
- Litter Advocates Group
- Major Projects Advisory Committee
- Metropolitan Waste Management Group
- Moomba Advisory Board.

Councillor Brian Shanahan OAM

First elected in 2004 and re-elected in 2008.

Cr Shanahan is Chair of the Future Melbourne (Finance and Governance) Committee, Deputy Chair of the Future Melbourne (Eco-City) Committee and currently represents the City of Melbourne on the following advisory committees and external organisations:

- Association of Bayside Municipalities
- Audit Committee, City of Melbourne
- Melbourne Arts Trust
- Victorian Local Governance Association.

Council decisions

Councillors make decisions at council meetings and delegated committee meetings. Committee meeting decisions are subject to a 'referral notice process' meaning that where fewer than five committee members vote in favour of a motion, members have the option of referring the matter to the next council meeting for decisions.

Delegations

Melbourne City Council's powers under the *Local Government Act 1989 (Vic)* or any other Act may be delegated to a council committee, to the chief executive officer (CEO) or to a City of Melbourne officer via the CEO. Staff members are accountable to the CEO. The council and its committees provide policy and staff members make decisions in accordance with that policy. The exercise of delegation is subject to the council's Delegations Policy.

Relationship with other tiers of government

Statutory responsibility for local government lies with each Australian state or territory. An Act of each state parliament specifies local government powers, duties and functions. In Victoria, the legal basis for councils is established under the *Constitution Act 1975 (Vic)* and the *Local Government Act 1989 (Vic)*.

Subsidiaries and trusts

The City of Melbourne has three wholly owned subsidiaries.

CityWide Service Solutions Pty Ltd, a company established to provide contract services on a competitive basis to local government and other public and private sector clients.

Queen Victoria Market Pty Ltd, a company established to manage and develop the Queen Victoria Market.

Melbourne Wholesale Fish Market Pty Ltd completed the sale of the Melbourne Wholesale Market site to VicTrack on 30 June 2011. The company is expected to be wound up over the forthcoming year.

The City of Melbourne has an interest in other entities including:

- the Sustainable Melbourne Fund (the City of Melbourne holds all units in this trust), a strategic trust established to support and promote sustainable development
- the Regent Management Company Limited. Shared with the State Government, the City of Melbourne has a 50 per cent interest in this company, established to manage the historic Regent Theatre in Collins Street, Melbourne
- MAPS Group Limited trading as Procurement Australia. The City of Melbourne is majority shareholder of this company.

Member, Council of Capital City Lord Mayors

The Lord Mayor of Melbourne is a member of the Council of Capital City Lord Mayors, which comprises the lord mayors of all capital cities and the ACT's Minister for Territory and Municipal Services. It coordinates and represents the special interests of Australia's state and territory capital cities and their relations with other spheres of government.

Partner, Inner Melbourne Action Plan (IMAP)

The Inner Melbourne Action Plan (IMAP) is an initiative of the local governments of Melbourne, Yarra, Port Phillip and Stonnington to make the inner Melbourne region more liveable. IMAP coordinates the implementation of 11 regional strategies, which focus on priority areas including affordable housing, environmental improvements, tourism and sustainable transport.

Participation in council

The City of Melbourne welcomes community and stakeholder attendance and participation at council and committee meetings. Members of the public can make submissions to the council or a committee on matters listed on meeting agendas. A register of public submissions made under Section 223 of the *Local Government Act 1989 (Vic)* is available for viewing at the City of Melbourne's offices.

Records of meetings, meeting dates and times or how to interact with council can be found on the City of Melbourne website melbourne.vic.gov.au

CORPORATE GOVERNANCE

Corporate governance encompasses the processes, protocols, conduct and relationships that guide the Melbourne City Council's actions and decision-making. Some mechanisms of governance are legislative requirements and others are the council's initiatives.

Council meetings

The council generally meets monthly, with a schedule of meeting dates available on notice boards at the Melbourne Town Hall, North Melbourne Library, East Melbourne Library, City Library, Carlton Baths Community Centre, the Hub at Docklands and the City of Melbourne website.

All meetings of the council and its committees are conducted in accordance with the Conduct of Meetings Local Law 2010. While meetings are open to the public and the public is encouraged to attend, the council may close any meeting to the public to discuss any of the following:

- personnel matters
- the personal hardship of any resident or ratepayer
- industrial matters
- contractual matters
- proposed developments
- legal advice
- matters affecting the security of municipal property
- any other matter which the council or special committee considers would prejudice the council or any person
- a resolution to close the meeting to members of the public.

Council and committee meeting attendance

Council and committee meeting attendance: 1 July 2010 to 30 June 2011

	Number of meetings	LM Robert Doyle	DLM Susan Riley	Cr Peter Clarke	Cr Carl Jetter	Cr Jennifer Kanis	Cr Kevin Louey	Cr Cathy Oke	Cr Ken Ong	Cr Brian Shanahan
Melbourne City Council meetings	13	12	13	11	9	13	11	13	13	12
Committee meetings										
Future Melbourne	22	16	21	18	15	22	20	20	22	21
Inner Melbourne Action Plan	3	..	..	3	..	..	..	..	..	..
Docklands Coordination	4	..	..	..	..	..	3	*	..	..

.. Not a member

* Alternate member

Further explanation of absences from Future Melbourne Committee/Council meetings is provided below.

Absence from Council meetings

- Lord Mayor: One absence was due to representing the Council on other Council business
- Deputy Lord Mayor: Attended all meetings
- Cr Clarke: One absence was due to representing the Council on other Council business
- Cr Jetter: Absences were not due to representing the Council on other Council Business.
- Cr Kanis: Attended all meetings
- Cr Louey: One absence was due to representing the Council on other Council business
- Cr Oke: One absence was due to representing the Council on other Council business
- Cr Ong: Attended all meetings
- Cr Shanahan: Absences were not due to representing the Council on other Council Business.

Absence from Future Melbourne Committee meetings

- Lord Mayor: Four absences were due to representing the Council on other Council business
- Deputy Lord Mayor: Absences were not due to representing the Council on other Council Business
- Cr Clarke: Two absences were due to representing the Council on other Council business
- Cr Jetter: One absence was due to representing the Council on other Council business
- Cr Kanis: Attended all meetings
- Cr Louey: Absences were not due to representing the Council on other Council Business
- Cr Oke: One absence was due to representing the Council on other Council business
- Cr Ong: Attended all meetings
- Cr Shanahan: One absence was due to representing the Council on other Council business.

Legislative compliance

Freedom of information

The *Freedom of Information Act 1982* (Vic) gives any individual or organisation the right to access information held by the City of Melbourne unless that information is deemed exempt under the Act.

In 2010-11 the City of Melbourne received 42 valid applications seeking documents about building and planning matters, parking infringements and the costs and activities of councillors and officers. The number of requests received was the same as the total for the previous financial year.

There were three requests for internal review in 2010-11 (two decisions were upheld and one decision was varied). One appeal went to the Victorian Civil and Administrative Tribunal (VCAT), where a Council decision was overturned. The Act specifies a 45-day statutory time limit to process requests. The average processing time for requests was 35 days.

National Competition Policy compliance

The City of Melbourne complied with the requirements of the National Competition Policy Principles in 2010-11, which covers compliance in trade practices, local laws and competitive neutrality.

Privacy Act

Standards set out by the *Information Privacy Act 2000* (Vic) and the City of Melbourne's Privacy Policy Statement control how we manage personal information. Privacy compliance is included in our staff induction program. We have a dedicated privacy officer within our Governance Services Branch to assist staff and members of the public with privacy-related queries or issues.

The City of Melbourne received two privacy complaints from members of the public during 2010-11. Both matters were successfully dealt with by the respective work areas.

Whistleblowers Act

Complaints about the improper conduct of any City of Melbourne officer can be made confidentially, under the Whistleblowers Protection Act 2001 (Vic), to the Victorian Ombudsman or to any one of the following officers appointed to receive disclosures:

- Keith Williamson, Manager Governance Services
- Linda Weatherson, Director Community Development
- Mark Stoermer, Director Corporate Business
- Jane Sharwood, Manager Business and International

In 2010-11, there were no disclosed matters referred to the City of Melbourne by the Ombudsman, or from the City of Melbourne to the Ombudsman.

Risk management

The City of Melbourne manages its risks to maximise opportunities and minimise losses. Risk management planning is done as an organisation-wide exercise, covering the top strategic risks plus operational and project risks. It is also part of the daily business activities of individual branches and contractors.

The Council has in place a risk management framework, integrated with its corporate and business planning system.

Risk management strategy, integrated reporting, competitive neutrality and fraud awareness and training

The first year of the risk management strategy for 2010-13 was implemented.

In 2010-11, the risk exposures were revised for all of the City of Melbourne's branches, with updated details recorded in the risk module of the organisation's integrated corporate business planning software. Integrated quarterly and annual reporting of risks was introduced, and the CEO and directors undertook two major reviews of the top strategic risks. These top risks were reported to the Audit Committee throughout the year, along with the high operational risks.

The use of the new risk and audit modules in the organisation's business planning software was extended. The risk data used in the design and targeting of the internal audit program included a pilot integrated audit that was designed to proactively assist in the development of new and efficient business processes. The review of Council's businesses in relation to competitive neutrality also continued as scheduled.

As an enhancement of the corporate induction process for all new staff who join the City of Melbourne, a new online training and awareness module for fraud and improper conduct was developed for launch in 2011-12. This seeks to maintain the very high level of awareness and understanding that was confirmed through a major staff survey associated with a related internal audit. It seeks to ensure that expectations in this area are understood by staff at the beginning of their work at City of Melbourne, while reducing the time involved. Development work was also undertaken on a new online module for an introduction to risk management for all staff. A range of other face-to-face training courses were conducted in 2010-11, such as an introduction to risk management, event risk management and other specialist risk sessions for work areas.

Insurance and risk financing

The number of claims received by the City of Melbourne from members of the public increased 25 per cent, a common trend emerging across local government. This included an increase in the number of claimants being represented by a lawyer. Staff reviewed this trend and put in place active measures to manage the increase, investigate the reasons behind the trend, identified any additional preventative measures that were required and implemented strategies to manage the cost of any claims.

The five-yearly major insurable risk profiling review was undertaken to assess the adequacy of our insurance and risk financing coverage and identify any gaps associated with new or altered business processes and services. Adopted recommendations from that review will be implemented during 2011-12.

The overall cost of insurances to the City of Melbourne increased only marginally and within expectations during 2010-11. In part, this reflects the organisation's proactive approach to managing identified risks and controlling any losses that arise.

Business continuity planning, crisis management and influenza pandemic

In 2010-11 the City of Melbourne updated the Corporate Business Continuity Plan, all branch business continuity recovery plans, and the Information Technology Disaster Recovery Plan. This worked towards the preparation of an exercise scenario based on the temporary loss of the information and communications systems across the organisation. This exercise was conducted with staff from a wide range of the organisation's business branch, and designed in concert with staff from the Business Information Systems area. It was based on real test data from the regular testing of the IT Disaster and Recovery Plan. This exercise was designed and conducted by staff as part of the ongoing strengthening of in-house knowledge and skills. Exercises are undertaken on an annual basis and based on different scenarios. The revision of the City of Melbourne's Crisis Management Manual was also completed and is now consistent with other plans.

Council special committees

As well as council meetings, Melbourne City Council has three special committees:

- Future Melbourne Committee
- Docklands Coordination Committee
- Inner Melbourne Action Plan Implementation Committee.

Future Melbourne Committee (meets twice monthly)

This committee has delegated powers, duties and functions directly relating to, or ancillary to, all aspects of the City of Melbourne's activities. The Future Melbourne Committee's terms of reference are grouped into six themes or portfolios being:

- planning
- connected city
- eco-city
- economic development and knowledge city
- people and creative city
- finance and governance.

All Councillors participate in the Future Melbourne Committee.

Docklands Coordination Committee (meets quarterly)

This committee manages coordination between the City of Melbourne and VicUrban to ensure an open public discussion in this developing area. The committee, which includes senior representatives from both the City of Melbourne and VicUrban, meets quarterly to monitor place management services within the coordination area.

Inner Melbourne Action Plan Implementation Committee (meets quarterly)

This committee has delegated powers, duties and functions directly relating to, or ancillary to, overseeing implementation of the Inner Melbourne Action Plan in accordance with the agreed three year implementation program. The committee comprises representatives from the local governments of Melbourne, Port Phillip, Stonnington and Yarra.

Councillor conduct

The City of Melbourne's Councillor Code of Conduct outlines the role of the council and provides an overview of the councillors' responsibilities in accordance with the *Local Government Act 1989 (Vic)*. The code includes guidelines for rules of conduct, decision making and use of the City of Melbourne's resources. It also includes procedures for disclosure of interests and conflicts of interest that go beyond legislative requirements. There were no known breaches of the code by Councillors in 2010-11.

Councillor allowances and expenses

Councillor allowances

Councillors are paid an allowance set by the Victorian Government. This allowance is paid in recognition of the demands placed on councillors in carrying out their civic and statutory duties, and for their work on policy development, as spokespeople on community matters and as representatives of the Melbourne City Council and Melbourne, both in Australia and overseas.

The allowances are:

- lord mayor: \$156,146
- deputy lord mayor: \$63,873
- councillors: \$35,473.

Expenses

Councillors incur expenses in the course of fulfilling their roles. Expenditure is regulated by the Councillor Expenses and Resources Guidelines, as endorsed by the Finance and Governance Committee and consistent with Section 75 of the *Local Government Act 1989 (Vic)*. Councillor expenses are reported in detail every quarter on the City of Melbourne website.

Audit Committee

In line with good governance practices and in accordance with Section 139 of the *Local Government Act 1989 (Vic)*, the City of Melbourne has operated an Audit Committee since 1996. The committee oversees the activities of the City of Melbourne's external and internal auditors and gives independent advice to the Future Melbourne Committee on appropriate accounting, auditing, internal control, business risk management, compliance and reporting systems, processes and practices within the organisation.

The Audit Committee met five times during 2010-11. The committee considered many issues including:

- information technology security systems
- occupational health and safety
- the City of Melbourne's business continuity planning procedures
- the City of Melbourne's risk profile and legislative compliance frameworks
- statement of annual accounts and performance report for council, and reports on its wholly owned subsidiaries
- governance responsibilities applicable to associated entities and trusts in which the City of Melbourne has either an indirect interest or stake
- legal action reports
- procurement process compliance
- contract management procedures
- Community Development Regulatory and Accreditation framework
- Customer Service Charter implementation
- councillor and employee expenses.

Audit Committee members

The City of Melbourne Audit Committee is made up of three Council representatives and three independent members.

The Council representatives for 2010-11 were Lord Mayor Robert Doyle, Deputy Lord Mayor Susan Riley and Chair Future Melbourne (Finance and Governance) Committee, Councillor Brian Shanahan.

The independent members are detailed below.

Richard Moore – Chair

Richard was appointed to the Audit Committee in July 2009.

Qualifications:

- partner of PriceWaterhouseCoopers for 23 years
- five years Group Manager, Audit for the ANZ Banking Group
- extensive consulting and management experience in risk management and internal control.

Theresa Glab

Theresa was appointed to the Audit Committee in September 2008.

Qualifications:

- Masters in Accountancy
- Certified Practising Accountant
- partner at Moore Stephens, Melbourne.

John Stewart

John was appointed to the Audit Committee in May 2010.

Qualifications:

- Director of BDO Kendalls 1986–2008
- Board member of the Executive of BDO Kendalls for six years
- Chairman of the Audit Committee of Harness Racing Victoria

- Chairman of the Finance and Audit/Risk Committee of Ritchies Stores Pty Ltd.

Internal audit

The internal audit service helps the City of Melbourne, its management and the management of its subsidiary companies perform their responsibilities. The internal audit service helps us maintain an organisational environment with strong, relevant and effective internal controls.

The City of Melbourne's internal auditor reports to the Audit Committee. The service has been contracted to Deloitte Touche Tohmatsu since July 2009.

A strong internal control environment ensures our systems contribute effectively to management of operations. Services provided by the internal audit service include:

- risk assessment
- development and management of an audit program
- conducting audits and reviews
- reporting audit opinions, findings and recommendations
- presenting, discussing and providing advice on key issues.

External audit

The Victorian Auditor-General is responsible for the external audit of the City of Melbourne and its subsidiary companies. Our external audit focuses on three key areas:

- strategic planning
- detailed audit system testing
- review of financial statements.

Documents available for inspection

The *Local Government Act 1989* (Vic) requires the City of Melbourne to keep certain statutory registers and documents, which can be viewed on request, or in certain cases, on application. Available documents include:

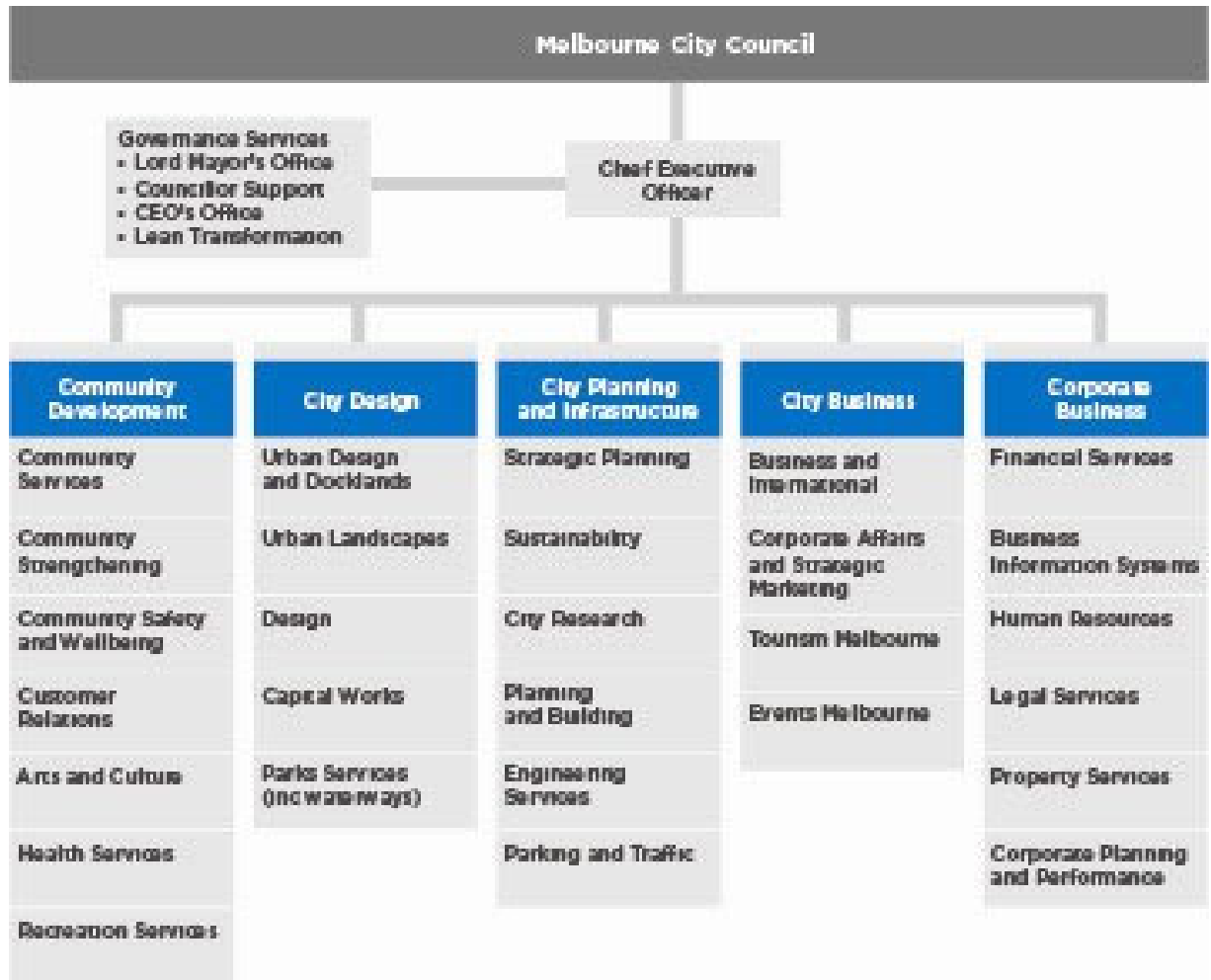
- Council and committee meeting agendas and minutes
- list of special committees established or abolished
- agreements to establish regional libraries
- list of contracts valued at \$150,000 or more which the council entered into outside the competitive process, except section 186(5) contracts
- names of councillors and City of Melbourne officers required to submit a return of interest and the date returns were submitted
- details of interstate and overseas travel by councillors and City of Melbourne officers
- details of senior officers' total salary packages
- details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the City of Melbourne (as lessor or lessee)
- list of donations and grants made by the City of Melbourne
- list of organisations of which the City of Melbourne is a member, and details of membership fees
- mayoral and councillor allowances
- register of authorised officers
- register of delegations
- *Whistleblowers Protection Act 2001* (Vic) procedures
- submissions received under section 223 of the *Local Government Act 1989* (Vic)

- election campaign donation returns.

CITY OF MELBOURNE, THE ORGANISATION

The City of Melbourne is a public statutory body corporate under the *Local Government Act 1989* (Vic). The City of Melbourne's headquarters is at Melbourne Town Hall in Swanston Street and operates a range of facilities, services and administration functions at more than 30 other locations across Melbourne.

ORGANISATION STRUCTURE



Chief Executive Officer

Dr Kathy Alexander is the City of Melbourne's Chief Executive Officer (CEO). Her functions and powers are principally determined by the *Local Government Act 1989* (Vic) and include:

- establishing and maintaining organisational structures to implement the Melbourne City Council's decisions
- ensuring the council's decisions are implemented
- managing the organisation's day-to-day operations
- providing advice to the council
- appointing, directing and terminating staff, and managing all other issues that relate to staff.

The office of the CEO liaises with the offices of the Lord Mayor, Deputy Lord Mayor and councillors, the Australian and Victorian governments and other major community and corporate stakeholders. The CEO also attends council meetings.

City Design – Rob Adams AM

The City Design Division is responsible for developing strategic plans and urban design policy as well as delivering best practice in design, project management and parks services. This division delivers a range of projects and services for residents, workers and visitors to the municipality. The division has primary responsibility for Docklands and the coordination and delivery of major projects and the capital works program. It also ensures the City of Melbourne maintains its reputation as a leader in the sustainable design and management of public spaces.

City Business – Martin Cutter

The City Business Division focuses on supporting existing business and business development in Melbourne. The division contributes to positioning Melbourne as a world-class city in local, national and international markets through managing events, tourism services, international business relationships and marketing programs. The division works with a wide range of stakeholders including ratepayers, businesses, retailers, city visitors, tourists, sister cities, major sporting bodies and government departments.

City Planning and Infrastructure – Geoff Lawler

The City Planning and Infrastructure Division advises the council on research, city planning and the future sustainable development of Melbourne. It manages the City of Melbourne's bridges and drainage, road infrastructure, as well as municipal services such as parking and traffic management, waste management and street cleaning. This division also administers local laws and regulations to develop, improve and protect the general amenity of the municipality. The division is also responsible for the City of Melbourne's interests in the Sustainable Melbourne Fund and the Office of Knowledge Capital and is a member of the Inner Melbourne Action Plan Implementation Committee.

Community Development – Linda Weatherson

The Community Development Division plans and provides high quality, cost-effective and customer-focused human services to the community. The division assists the organisation with community engagement and provides the community with recreation services, health services, family and children's services, aged care

services, the library service and the customer relations service. This, coupled with the delivery of cultural programs, management of the municipality's cultural infrastructure and implementation of Melbourne's policy for the 24-hour city, enhances the City of Melbourne's reputation as a safe, attractive, liveable and accessible city.

Corporate Business – Mark Stoermer

The Corporate Business Division is primarily responsible for providing support services to the organisation. These services include legal advice, human resource management, information technology systems, corporate planning, financial reporting, property services and management of the municipality's financial assets. The division also plays a role in liaising with our wholly-owned subsidiaries which contribute to the City of Melbourne's revenue.

ORGANISATIONAL PROFILE

The majority of staff work in the central city, however some staff members are located at other sites across the municipality. As at 30 June 2011, the City of Melbourne employed 1300 people. We have:

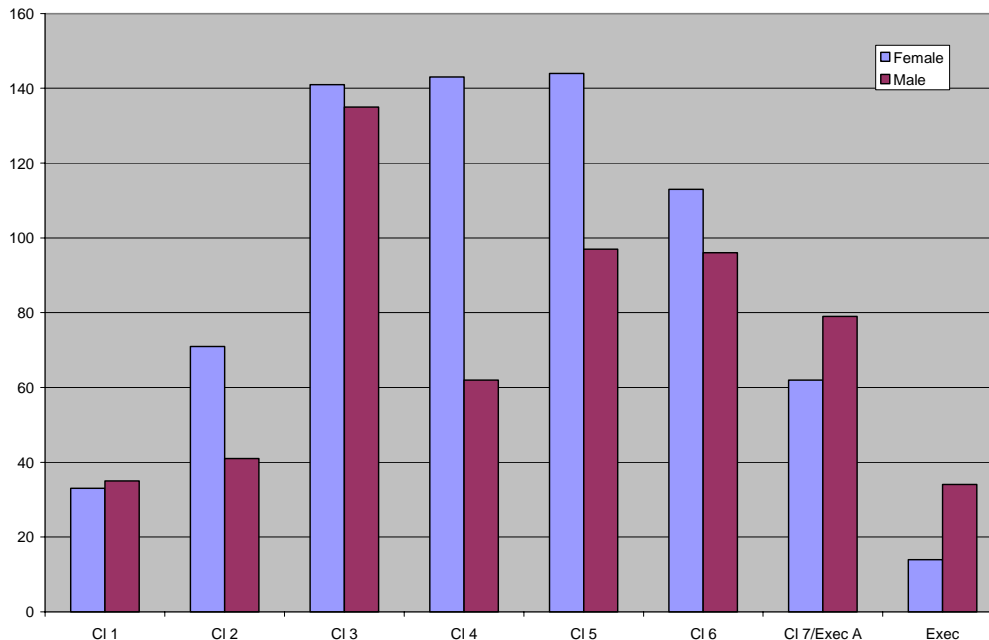
- 995 full-time staff
- 305 part-time staff.

143 are non-permanent staff, including:

- 97 maximum-term temporary
- 46 casual.

The gender balance of staff at the City of Melbourne is split approximately 55 per cent female and 45 per cent male. Women hold 29 per cent of executive positions. Seventy five per cent of female staff and 67 per cent of male staff are employed in medium-paying positions ranging from classifications 3 to 6.

Employee classification by gender as at 30 June 2011



Staff classifications

Class 1 and 2: child care workers, school crossing supervisors, fitness instructors, information officers

Class 3: child care workers, parking and traffic, office administrative support

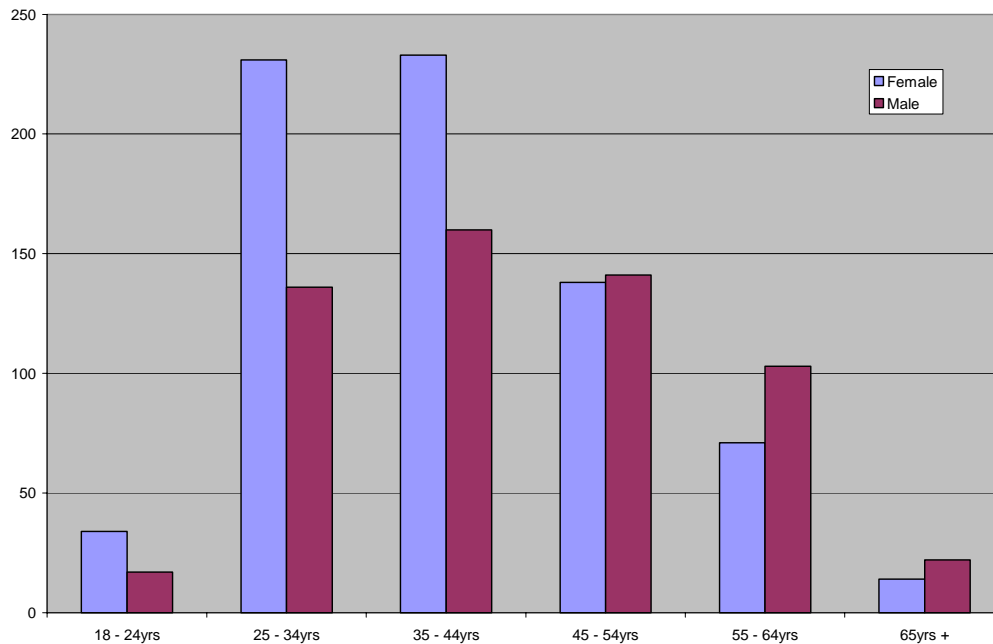
Class 4: administrative support, immunisation nurses, environmental health, project officers

Class 5 and 6: professionals, analysts, programmers, technical staff, maternal and child health nurses, event managers

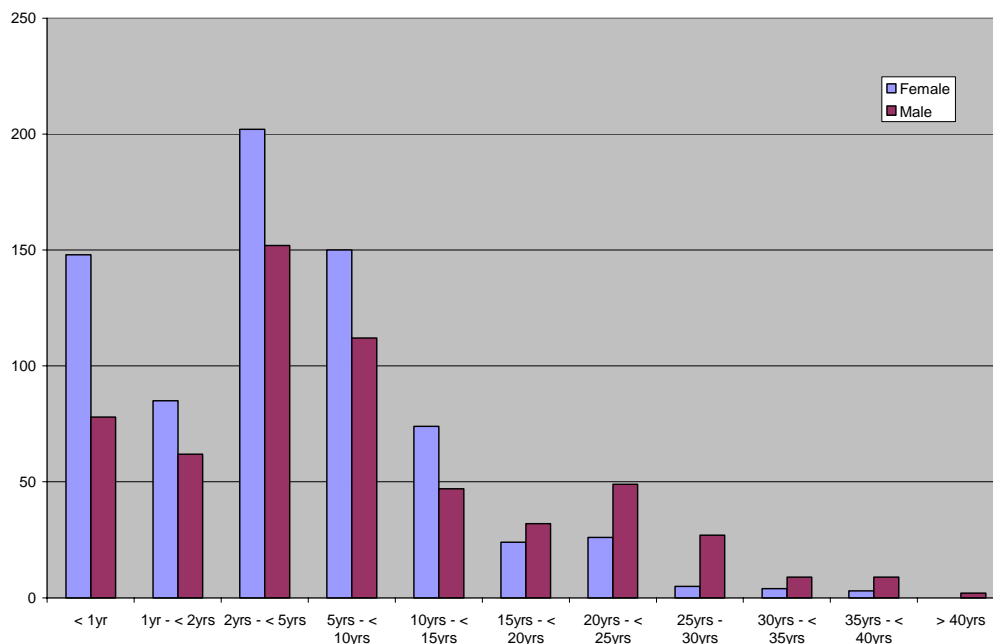
Class 7: team leaders and professionals

Executive: managers, directors and CEO.

Number of staff by age group and gender as at 30 June 2011



Number of staff by years of service and gender as at 30 June 2011



Health and wellbeing programs

At City of Melbourne we recognise that work is just one part of our employees' lives. The City of Melbourne has a number of support mechanisms to help staff manage a work-life balance and their health and wellbeing. These programs include the Leap into Life program and an Executive Health program, through which we provide staff with information via educational sessions and online interactive tools. Current initiatives focus on physical activity and healthy eating habits.

Our Employee Recreation Association, CoMLife, also provides a range of health and wellbeing programs and social opportunities for staff. Membership of CoMLife has continued to grow in 2010-11. During the year the association provided discounted wellbeing classes, supported corporate sports teams, encouraged participation in charity events such as Movember and Cancer Council fundraising, and sourced discounts for staff on a range of health related products.

Staff retention and enterprise bargaining

Improving staff retention rates is a high priority for the City of Melbourne. Voluntary staff turnover decreased in 2010-11.

Staff turnover table

	Positions advertised	Average applicants per position	Staff turnover(1)	Absenteeism(2)
2010-11	284	24	8.42%	2.89%
2009-10	232	26	9.6%	2.8%
2008-09	222	28	7.9%	2.7%
2007-08	381	23	12.7%	3%
2006-07	164	34	12.7%	3.1%

Note 1: Voluntary (resignations) turnover only

Note 2: Total sick leave absences as a percentage of ordinary time available

Enterprise bargaining agreement

The City of Melbourne has a collective bargaining agreement that covers approximately 90 per cent of employees. This bargaining agreement includes sustainability targets, work conditions and employee benefits. To maintain its position as a fair and flexible employer, the City of Melbourne monitors the operation and application of the agreement through a staff consultative committee that meets quarterly.

Occupational health, safety and wellbeing

The City of Melbourne manages risk and occupational hazards by continuously improving its work environment and occupational health and safety (OHS) management system. Our OHS management system is audited against the Australian Safety Standard AS/NZS 4801:2001 and our accreditation has been maintained during 2010-11.

Safety is embedded in our work culture, and occupational health and safety is extremely important. The continuous improvement of our safety systems and processes across the organisation ensures our people are safe at work.

Staff development and support services

At the City of Melbourne, our staff is our most important asset and in addition to providing services to our community, the wellbeing of our staff is our highest priority.

We are committed to developing our people through a range of leadership development programs, study assistance and corporate learning programs. Our CoMET Learning Program offered 114 learning workshops, which were attended by 920 staff in 2010-11.

In addition, 17 staff successfully achieved a Diploma of Management, in partnership with Swinburne University of Technology.

In 2010-11, we had two teams represent the organisation in the Local Government Managers Australia Challenge, an internationally acclaimed professional/team development program which aims to build future leaders within local government.

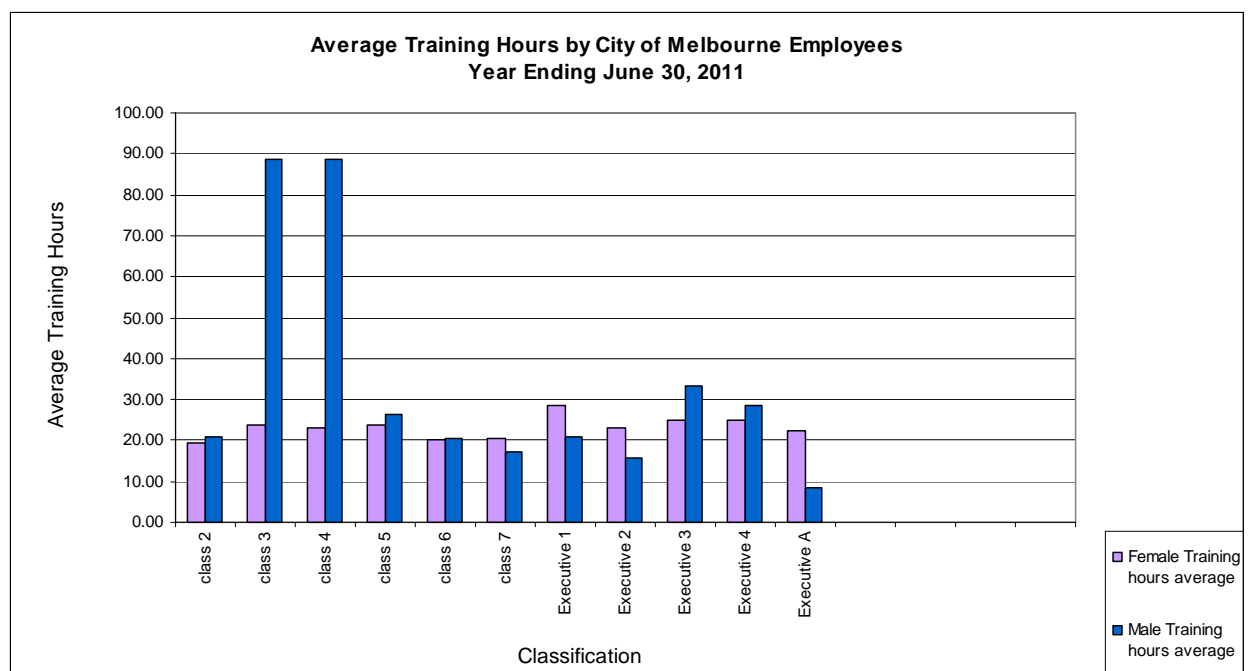
One of our teams finished in first place in the regional finals and will represent Victoria in the Australasian finals in August 2011.

A broad range of support services and initiatives are available for all staff, including career and personal counselling, podiatry, nutrition advice through a dietician and an on-site physiotherapy trial. In addition during 2010-11 the City of Melbourne supported staff in returning to work from personal or work related illness or injury by providing:

- in-house allied health professional services
- access to specialists in occupational and environmental medicine
- early intervention strategies such as ergonomic reviews and adjustment to the workplace and,
- the development of return-to-work plans.

Training

The average number of training hours per employee within the City of Melbourne was 56.67 hours during 2010-11. This reflects both technical skills development and corporate learning programs. The following table provides a breakdown of average training hours by gender and classification. Variances across classification are impacted by a number of factors, including the gender diversity at each classification level, and the high number of males in classification 3 and 4 roles that receive a larger amount of technical skills development required by their role.



WorkCover Claims

The City of Melbourne received 20 WorkCover claims in 2010. Our WorkCover premium is now at 0.80 per cent. This remains significantly lower than the local government sector rate of 1.73 per cent.

The City of Melbourne has a proactive injury prevention strategy and adopts an early intervention approach to all work related injuries and illnesses by focusing on sustainable return-to-work programs.

WorkCover claims

Year	Standard claims	Minor claims	Premium incl GST (\$)	Premium as % of remuneration
2010-11	4	1	818,600.13	.80*
2009-10	16	4	599,653	.64
2008-09	3	5	754,000	.65
2007-08	8	17	767,000	.88
2006-07	7	19	940,000	1.15

*Increased premium rate for this period was due to a Victorian Workcover Authority increase in the industry rate.

Equal Employment Opportunity Policy

The purpose of our Equal Employment Opportunity Policy is to prevent discrimination and harassment in the workplace. The City of Melbourne is an equal opportunity employer and is committed to the provision of a work environment that is safe and supportive, where individuals treat each other with respect. Our network of equal employment opportunity contact officers are trained to assist employees to identify options and resources to deal with workplace issues.

In 2008 we introduced an Aboriginal and Torres Strait Islanders traineeship program. In 2011 there were six trainees deployed across different work areas. In addition, an integral part of the induction process for all new employees is a walk highlighting Melbourne's Aboriginal heritage.

Our equal employment opportunity commitment is supported by our Workplace Diversity Framework and addresses requirements under Schedule 6 of the *Local Government Act 1989 (Vic)*.

Workplace diversity

Workplace diversity involves recognising the value of individual differences.

Our Workplace Diversity Framework includes principles, objectives and strategies to increase the diversity of City of Melbourne staff. The framework builds on our existing values: integrity, courage, accountability, respect and excellence.

In April 2010 we undertook our first diversity census, inviting participation from all staff across the organisation. Our organisational strengths were that staff felt welcome and respected at work, and felt they were treated fairly. Staff also felt they had access to professional development and training opportunities, and felt safe from bullying and harassment.

In 2011 an organisational Workforce Diversity Strategy was completed. This strategy establishes a Workforce Diversity Steering Committee which meets biannually to oversee workforce diversity action plans.

PART 2 – OUR PERFORMANCE

City of Melbourne performance

Details of our performance in 2010-11 can be measured in a number of ways, including how the City of Melbourne has delivered against the eight goals outlined in the *Council Plan 2009-2013*.

We aspire to be:

1. a city for people
2. a creative city
3. economic prosperity
4. a knowledge city
5. an eco-city
6. a connected city
7. an organisation that leads by example
8. an organisation that manages our resources well.

In 2010-11 the City of Melbourne annual report highlights a key achievement within each goal as well as specific information and data.

GOAL ONE – A CITY FOR PEOPLE

Highlighting city safety

Safety is a key concern of the City of Melbourne. We work in partnership with the Victorian Government, Victoria Police, transport operators and other agencies to ensure everyone enjoys a safe experience visiting the city.

In 2010-11, the City of Melbourne supported a Friday and Saturday night program managed by the Salvation Army which involved volunteers handing out advice and late-night essentials to 'after hours' visitors to the city. The volunteers divide into groups of four and walk city streets between 11pm and 5am providing practical advice as well as essentials including bottles of water, maps and blankets for young people. Each volunteer group on average engages with more than 100 people a night, for about five minutes each.

Discussions range from tracking down lost friends and providing thongs for sore feet to charging mobile phones and distracting revellers from altercations. The initiative is a practical example of the City of Melbourne's commitment to city safety. The program will operate again in 2011-12. Other city safety initiatives include the provision of more than 50 closed circuit television cameras (CCTV), two mobile CCTV vans and the continued rollout of safe city taxi ranks to give quick access to late night taxis throughout the central city.

Name	Indicator	Comment	Actual	Target
Community satisfaction rating for City of Melbourne owned recreational facilities.	#	Consistent with results from previous years.	76	75
Community satisfaction rating for health and human services.	#	Declined marginally since last year.	71	70
Community satisfaction with the overall performance of enforcement of bylaws.	#	Consistent with results from previous years.	63	63
Community satisfaction for City of Melbourne on leading debate and taking action on crime and violence and antisocial behaviour in the municipality.	%	The 2010-11 target of 85 per cent satisfaction with City of Melbourne leading debate and taking action on crime and violence was unrealistically high compared with the previous 2009-10 target of 53 per cent. Our performance has improved from a score of 53 per cent in 2009-10 to 59 per cent in 2010-11 and we are endeavouring to continue to advocate for more locally based solutions to crime. A successful example of this is the City of Melbourne precinct policing strategy adopted by Victoria Police in 2010-11.	59	85
Community satisfaction rating for overall performance of waste management.	%	In 2010-11, the City of Melbourne provided additional public place waste service collections in the CBD late at night. In addition, new Eco-waste collection services were introduced and assistance was provided to high rise buildings to help improve their recycling collection programs.	71	71

Community satisfaction rating for overall performance of appearance of public areas.	#	The City of Melbourne has invested additional resources in 2010-11 to improve waste services late at night, remove graffiti from private properties and maintain our city streets at a high standard.	73	72
Participation rates at key events, festivals and programs conducted by the City of Melbourne.	#	More than 750,000 attendees at key City of Melbourne events including Melbourne Spring Fashion Week, New Year's Eve, Moomba, Summer Fun in the City and Melbourne Awards.	750,000	750,000
Number of sporting groups using City of Melbourne parks.	#	In 2010-11 City of Melbourne allocated use of sports fields and associated pavilions to 36 community sports clubs during winter season and 31 community sports clubs during summer season. Additionally, 16 schools utilised Council facilities across both seasons.	83	75
Percentage of visitors who feel safe in the central city.	%	The Perceptions of Safety survey is conducted on a three yearly basis. The percentage noted is the 2009 figure, the year of the last survey.	89	90
Annual reduction in the number of people experiencing chronic homelessness as measured by Street Count results, compared to previous years.	#	This increase may be partly attributed to the involvement of the Salvation Army who partnered with the project to access squats and more isolated areas. In previous Street Counts these areas were considered unsafe for volunteers to enter and therefore were not included in the count.	105	70

GOAL TWO – A CREATIVE CITY

Creative spaces for a creative city

'Creative spaces' began as a database of affordable and available spaces for creative industries in Melbourne's central city. By regenerating abandoned buildings and creating affordable studios in inner urban areas where artists can thrive, the City of Melbourne is demonstrating a commitment to inspiring creative activities. In 2010-11 new studio space was created in a warehouse on the Maribyrnong River. A disused, three storey West Melbourne address has been converted into 57 studios in partnership with Arts Victoria and the property owner.

Resident artist Megan Evans moved to the new space after 10 years of using her garage as a studio. 'It's great to be around so many other artists,' she said. 'There's a diversity of practice, everyone is making art. You don't feel isolated and there's a mix of ideas.'

River Studios was made possible by a \$100,000 contribution from the City of Melbourne, which has helped the conversion of the property into a space accommodating 75 artists. The studio won an award for best Small Project in the Australian Institute of Architects awards (Victorian chapter) for Breathe Architecture.

The Creative Space program continues to contribute to Melbourne's art scene across the city. The former JH Boyd Girls' High School in Southbank was converted into an artistic hub in 2007 and resident artist, Vincent Fantauzzo, recently won the Doug Moran National Portrait Prize, which is among the world's most lucrative portrait prizes, for his painting of friend, collaborator and well-known film director Baz Luhrmann.

Name	Indicator	Comment	Actual	Target
The number of new artist/arts organisations located within the municipality linked to City of Melbourne's Housing of the Arts Strategy.	#	River Studios launched in April 2011, houses 75 new artists. Boyd School Studios continues to house 50 artists.	75	50

GOAL THREE – ECONOMIC PROSPERITY

New events to create a stronger city

Melbourne has long enjoyed a reputation as an ‘events’ city, with a range of major sporting fixtures, arts and cultural events, as well as festivals that drive tourism and economic opportunities for local businesses.

In 2010-11 the City of Melbourne hosted the inaugural Melbourne Music event, featuring gigs, workshops, public lectures and industry shows attracting musicians and music lovers from across Melbourne, around Australia and throughout the world. Every genre was represented including indie, electro and jazz, hip-hop, disco and rock’n’roll.

For 12 days and nights in September the sounds of Melbourne Music filled the city’s laneways, trams, trains and squares with music, including 100 free gigs from grass-roots and internationally renowned artists, at the city’s many iconic music venues, as well as some novel venues including trains and trams and even the steps of the State Library of Victoria. The success of the inaugural event will see it return in 2011-12.

Name	Indicator	Comment	Actual	Target
Community satisfaction rating for overall performance of economic development.	#	City of Melbourne s economic development activities such as Enterprise Melbourne, small business grants program and sector strategies are well regarded in the business community but less well known in the residential community who are the primary respondents to the Department of Planning and Community Development survey.	66	72
Average number of daily visitors to Melbourne municipality on a typical weekday.	Days	City of Melbourne supplements surveys with more targeted feedback mechanisms for business which indicate high levels of satisfaction with the business support provided by council. The number of daily population, including overseas and interstate visitors, continued to grow over the past two years despite patchy economic conditions and relative strength of the \$A.	788,000	771,000
Number of visitor contacts at the Melbourne Visitor Centre.	p.a.	There has been an increase of five per cent compared to last year. Anecdotal feedback indicates that this is due to an increase in domestic visitors, attending major events in Melbourne.	822,000	800,000
Number of businesses located in Melbourne municipality.	#	Achieved target for 2010-11.	17,200	17,200
Level of investment by recipients of Small Business Grants.	\$	The investment generated by Small Business Grant recipients has risen significantly from previous years due to the support of a high tech company which will invest \$2 million in their business and the introduction of the pilot Social Enterprise and Micro Business grant program and the resulting investments.	4,060,000	1,000,000

GOAL FOUR – A KNOWLEDGE CITY

Sharing our knowledge with the world

In 2010-11 the City of Melbourne hosted the Knowledge City World Summit, an annual international event focused on research and development of knowledge cities, knowledge societies, knowledge-based development and knowledge ecology. The Melbourne event formed part of an inaugural 'Knowledge Week' which drew on the theme of moving knowledge from theory into practice. City of Melbourne's focus for the week was engaging with the community in a celebration of Melbourne's knowledge assets. Events included public forums, workshops, networking functions, performances, exhibitions, tours and information sessions. The decision to specifically focus on knowledge was made by council in 2008.

Knowledge-based development is a key to the future of Melbourne and it is also a means to further Melbourne's reputation on an international scale. During the Knowledge City World Summit, Melbourne was awarded the prestigious Most Admired Knowledge City Award, in the category of Knowledge Metropolis. The city was founded on primary industries, gold and manufacturing. Today Melbourne's economy is driven by knowledge-based industries in biotechnology, advanced manufacturing and design and more broadly is known as a city for the arts, literature, fashion and major events, highlighting its transformation to becoming a knowledge city.

Name	Indicator	Comment	Actual	Target
International students studying in the city as a proportion of total tertiary students.	%	The proportion of tertiary enrolments accounted for by international students increased between 2008 and 2009 - these are the latest available. These figures relate to the calendar year preceding the start of the relevant financial year.	22	15
Local students studying in the city as a proportion of total tertiary students.	%	The proportion of tertiary enrolments accounted for by domestic students increased between 2008 and 2009, in the latest available data. These figures relate to the calendar year preceding the start of the relevant financial.	79	85
Number of primary, secondary and tertiary educational facilities in the city.	#	City of Melbourne, Census of Land Use and Employment (CLUE) indicate that the 2008 Census data recorded 385 facilities within the city including Primary Education, Secondary Education, Combined Primary and Secondary Education, Special School Education, Technical and Vocational Education and Training and Higher Education.	385	385

GOAL FIVE – AN ECO CITY

Playing our role in protecting the environment

In 2010-11 the City of Melbourne was one of the first councils to be recognised as a 'Climate Adaptation Champion' – which acknowledges leadership and innovation in adapting to and preparing for the impacts of climate change. It reflects the change in behaviour, business practices and policies the city is making to prepare for the expected changes in climate in the years ahead. The award organisers commended the City of Melbourne for being one of the first councils in Australia to begin preparing for climate change. Innovative adaptive tools have been developed to prepare for a change in the climate, including visual and scenario planning around increased sea levels, for example.

More broadly the City of Melbourne invested \$30 million during 2010-11 in climate change policy and initiatives including a Greenhouse Action Plan and a commitment to zero net emissions by 2020. Practical actions include:

- funding urban forest projects
- improving water efficiency in parks and gardens
- promoting energy efficiency
- development of a City of Melbourne Water Sensitive Urban Design policy.

One of the City of Melbourne's headline environmental initiatives is the 1200 Buildings program, which supports and encourages building owners and managers to improve water and energy efficiency of commercial buildings within the City of Melbourne. As an example, 530 Collins Street received an energy retrofit designed to reduce its annual greenhouse gas emissions by 40 per cent compared to industry average. The program is delivered with the support of the Victorian Government.

The City of Melbourne also announced in 2010-11 it will pave its streets 'green' with a new environmentally friendly asphalt, to reduce fumes and greenhouse gas emissions by 30 per cent. With around 18,000 tonnes of asphalt poured each year within the City of Melbourne, this is a strong contribution to becoming a more carbon friendly municipality.

Name	Indicator	Comment	Actual	Target
City of Melbourne performance on refuse recycling initiatives and effective and efficient water usage.	%	Consistent with results from previous years.	68	70
Percentage of municipal waste diverted for recycling.	%	Total residential recycling/total residential waste stream is down slightly from 2009-10 but still just above target for the period.	26	25
Reduction of residential waste to landfill per household.	%	The City of Melbourne continues to deliver education programs to encourage more residents to recycle. There has been a 12 per cent increase in volume of waste going into landfill. Multi-storied residential towers being built without adequate recycling facilities is attributed in part to this growing trend.	12	-1

Reduction of greenhouse gas emissions from City of Melbourne operations.	%	The estimated 2010-11 emissions for all City of Melbourne operations was 22,770 tonnes, a 26.7 per cent or 8,395 tonne reduction from the base year. The major contributing factor for the difference from last year appears to be a total reduction in the percentage of green power purchased from electricity retailers.	27	34
Number of commercial buildings retrofitted under the 1200 program.	#	An additional seven signatories committed to retrofit works. A survey conducted in June 2011 showed an additional 15 buildings had undertaken retrofit action.	44	50
Reduction of drinking quality water consumed for Council building and gardens.	%	Total water use from potable water sources was 412 megalitres down 73 per cent from 1,544 megalitres in the base year.	73	60

City of Melbourne sustainability indicators

The City of Melbourne consumes energy in the daily operation of its administration and buildings, community buildings such as childcare centres, public lighting and the corporate fleet. We monitor the consumption of three major energy types; electricity, natural gas and fuel.

City of Melbourne's energy use by source

Energy use by source	Base year(1996-97*)	2006-07	2007-08	2008-09	2009-10**	2010-11***
Electricity (Vic grid)	76,070	52,689	56,532	70,725	57,635	63,418
Electricity (green power)	0	33,496	34,660	24,243	42,695	33,014
Natural gas	14,626	14,172	18,157	19,276	21,079	17,182
Unleaded petrol	13,700	8,509	6,714	5,787	4,896	4,026
LPG fuel	0	193	431	477	511	354
Diesel	0	0	118	431	741	886
Ethanol	0	0	0	0	0	2
Total energy use (GJ)	104,396	109,029	116,612	120,589	127,561	118,882
% renewable	20%	30.7%	29.7%	20.1%	33.4%	27.8%

Notes

* In 1996-97 a baseline was established which became our base year. An investigation of our historical records has resulted in changes to these figures from previously reported results.

** Figures previously published for this year were estimates and adjustments have been made to reflect actual results available at the time of printing.

*** Due to billing cycles these figures include estimated calculations based on current and seasonal trends.

City of Melbourne's energy use by activity

Energy use by source	Base year(1996-97*)	2006-07	2007-08	2008-09	2009-10**	2010-11***
Administration - buildings	18,632	19,388	22,356	21,967	21,386	20,269
Administration - fleet	13,700	8,702	7,264	6,695	6,151	5,267
Commercial - buildings	2,754	2,988	3,434	3,094	5,057	4,250
Community use – public lighting	21,688	22,407	23,977	26,016	30,707	27,884
Community use - miscellaneous	1,230	3,970	4,033	4,884	6,019	5,826
Total energy use (GJ)	104,396	109,029	116,612	120,589	127,561	118,882

Notes

* In 1996-97 a baseline was established which became our base year. An investigation of our historical records has resulted in changes to these figures from previously reported results.

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*** Due to billing cycles these figures include estimated calculations based on current and seasonal trends.

Total direct and indirect greenhouse gas emissions

Total emissions	Base year(1996-97*)	2006-07	2007-08	2008-09	2009-10**	2010-11***
Emissions (t CO2-e)	31,165	19,506	20,638	25,339	21,074	22,770
Percentage from base year		-37.4%	-33.8%	-18.7%	-32.4%	-27%
Percentage from previous year		-17.2%	5.8%	22.8%	-20.7%	7%

Notes

* In 1996-97 a baseline was established which became our base year. An investigation of our historical records has resulted in changes to these figures from previously reported results.

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*** Due to billing cycles these figures include estimated calculations based on current and seasonal trends.

City of Melbourne total water use

Total COM water use	Base year (1999-2000)*	2006-07	2007-08	2008-09	2009-10**	2010-11***
Potable (MI)	1,544	721	520	607	623	412
Reclaimed (MI)	0	30	87	73	90	65
Total Water	1,544	751	607	680	713	477
Percentage from base year		-51.4%	-60.7%	-56%	-53.8%	-69.1%
Percentage from previous year		-39.8%	-19.2%	12%	17.4%	-29.9%
Percentage reclaimed		4%	14.3%	10.7%	12.7%	13.7%

Notes

* In 1999-2000 a baseline was established which became our base year.

** Figures previously published for this year were estimates and adjustments have been made to reflect actual results available at the time of printing.

*** Due to billing cycles these figures include estimated calculations based on current and seasonal trends.

Water use by activity

Total COM water use	Base year (1999-2000)*	2006-07	2007-08	2008-09	2009-10**	2010-11***
Administration - buildings	11	7	4	4	9	15
Commercial - buildings	1	1	2	6	4	4
Community use - buildings	70	50	45	41	47	42
Community use – open space	1,462	693	557	629	654	416
Total water (ML)	1,544	751	607	680	714	477

Notes

* In 1999-2000 a baseline was established which became our base year.

** Figures previously published for this year were estimates and adjustments have been made to reflect actual results available at the time of printing.

*** Due to billing cycles these figures include estimated calculations based on current and seasonal trends.

Procurement

The City of Melbourne is committed to a sustainable procurement policy which includes the use of recycled materials, ecologically sustainable and the use of technology which contributes to a reduction in greenhouse gas emissions where possible. An example of this approach is the City of Melbourne's decision in 2010-11 to introduce new asphalt which emits 30 per cent less greenhouse gas emissions. Detailed information about City of Melbourne's procurement policy and practices,

including the sustainability approach to procurement which takes into account the social, financial and environmental impact can be located at:
www.melbourne.vic.gov.au/AboutCouncil/Tenders/Pages/ProcurementPolicy.aspx

GOAL SIX – A CONNECTED CITY

Providing better transport options across the city

During 2010-11 the City of Melbourne released a draft Transport Strategy Update designed to deliver an integrated and connected transport system for the people of Melbourne over the next five years and beyond. The focus was working with the Victorian Government on delivering safe and practical transport options.

The key directions are to:

- go anywhere, anytime public transport for inner Melbourne
- support public transport, walking and cycling as the dominant modes of transport in inner Melbourne
- develop high-mobility pedestrian and public transport streets in the central city
- make Melbourne a true cycling city
- foster innovative low-impact freight and delivery in central Melbourne.

The update contains ambitious targets for non-car use in the City of Melbourne. The aspiration is for 90 per cent of all commuter trips to the central city to be taken by public transport, cycling or walking by 2020, compared with the 72 per cent recorded in the 2006 census. In addition to a broader, updated, transport strategy, work began in 2010-11 on a major revamp of Swanston Street which will enhance its reputation as Melbourne's civic 'spine'.

Name	Indicator	Comment	Actual	Target
Community satisfaction rating for overall performance of local roads and footpaths.	#	The 2010-11 works program included \$10.7 million on road, footpath and kerb channel programmed renewal works and \$739,000 on unplanned minor maintenance. In addition, \$360,000 was spent on works to improve footpath accessibility and amenity to comply with the <i>Disability Discrimination Act</i> .	65	68
City of Melbourne performance on promoting use of public transport.	%	There was a significant increase of 7 per cent from 2010 (73) to 2011 (80). This represents broad satisfaction with the City of Melbourne's performance on encouraging the use of public transport.	80	65
CoM performance on quality and coverage of bike and footpaths and convenience of walking around the central city.	#	City of Melbourne continues to invest in bicycle and pedestrian infrastructure to improve mobility and safety across the inner city network.	70	70
Community satisfaction rating for overall performance of traffic management and parking facilities.	#	City of Melbourne has received a higher than usual number of complaints this financial year relating to congestion on the arterial road network managed by VicRoads. There was also significant reconstruction of Harbour Esplanade, creating traffic congestion around the city.	53	55

GOAL SEVEN – LEAD BY EXAMPLE

Looking after all Melburnians

The City of Melbourne continues to be committed to responding to the needs of people experiencing homelessness and those at risk of homelessness. The City of Melbourne's fourth annual street count of homeless people revealed approximately 105 people were found sleeping rough in parks and streets of the central city, North and West Melbourne, Flagstaff and Fitzroy Gardens on the evening of 7 June 2011. This compares with 101 in 2010, 75 in 2009 and 112 in 2008. City of Melbourne continues to address the issue by funding support services, strengthening partnerships and building a strong and inclusive community.

A new Homelessness Strategy was also endorsed in May 2011 which is focused on people sleeping rough and people living in boarding or rooming houses in the City of Melbourne. Councillors felt homelessness was an issue for the whole community to address, together. The City of Melbourne currently funds a number of projects for the homeless including community grants for employment training at SecondBite food collection organisation, annual funding of the Cafe Meals program and providing information to help people access support services. The Cafe Meals program offers access to a dietitian and subsidised meals at nine participating cafes for the homeless or those at risk of becoming homeless for just \$2. Many participants have not eaten regular meals for weeks and in some cases much longer periods of time.

The Homelessness Strategy is a practical demonstration of the City of Melbourne reaching out to those in need in the community and leading by example.

Name	Indicator	Comment	Actual	Target
Community satisfaction rating for City of Melbourne 's engagement in decision making on key local issues.	#	Consistent with results from previous years.	59	59
Community satisfaction rating for overall performance generally of the City of Melbourne.	#	Improved from last years result.	68	70
Community satisfaction rating for City of Melbourne s interaction and responsiveness in dealing with the public.	#	Consistent with results from previous years.	72	73

GOAL EIGHT – MANAGE OUR RESOURCES WELL

Delivering services more efficiently

During 2010-11 the City of Melbourne's health services branch was required to undertake a new food sampling regime as part of changes to Victorian food safety requirements. New rules meant sampling was based on the number of food outlets in a municipality rather than number of residents. This led to a fourfold increase in sample numbers required to be taken by officers annually, from 240 to 917 in total. Through a 'lean thinking' initiative, The City of Melbourne was able to adapt to the new laws with minimal impact on resources.

By applying lean thinking methodology the sampling program was redeveloped into an annual program rather than a quarterly one, improving timeliness and quality. To reduce the number of process steps and save time, sampling was incorporated into other compliance checks, rather than being run separately.

Lean thinking was introduced at the City of Melbourne in 2009. It is a continuous improvement system which focuses on improving the quality, timeliness and cost of services delivered, from the perspective of the customer. This lean thinking initiative is a practical example of how the city is managing its resources well.

Goal 8 **Managing our resources well**

Name	Indicator	Comment	Actual	Target
Percentage of planned City of Melbourne works programs completed.	%	Very strong progress made in the fourth quarter increased achievement to 93.6 per cent.	94	90
Liquidity Ratio is greater than 1.5.	%	The City of Melbourne remains highly liquid in 2010-11.	3	2
Maintain a positive underlying surplus.	\$	Positive small surplus maintained for 2010-12.	18	3
Percentage of our customers satisfied with the overall customer experience when contacting the City of Melbourne.	%	The organisation is 1.6 per cent shy of its target of 85 per cent (+/- 3.4 per cent) of customer satisfaction. Initiatives outlined in the Customer Focus Strategy should affect an improvement in performance of this measure in ensuing years.	83	85
Staff retention rate.	%	Staff retention rate has improved since the previous year.	92	90
Staff satisfaction rating.	#	Consistent with results from previous years.	6	6
Maintain Australian Standard 4801 accreditation.*	%	Re-accreditation attained in May 2010 for a three year period.	100	100

* AS/NZS 4801 is the Australian Standard and New Zealand Standard for Occupational Health and Safety Management Systems. It is a Standard that requires five main components of OH&S Management that are implemented into a businesses activities to ensure all OH&S issues are effectively managed.

City of Melbourne 2010-11 Performance Statement

Introduction

In accordance with Section 127 of the *Local Government Act 1989* (Vic), the City of Melbourne must provide a description of Key Strategic Activities (KSAs) to be funded in the 2010-11 Annual Plan and Budget.

Each year the City of Melbourne conducts a thorough planning process to identify the KSAs and they are published in the Council's Annual Plan and Budget.

The City of Melbourne again adopted the framework from the Victorian Auditor General's Office *Better Practice Guide* to prepare the KSAs. In doing so, we developed cost, time, quality and quantity measures and targets for the KSAs. Depending on the nature of the KSA some of these elements were found to be more relevant and material than others, therefore not all KSAs have measures and targets for all four elements.

Rating Scale

For the 2010-11 Performance Statement, the City of Melbourne has used a rating scale that is consistent with the methodology used to monitor performance of KSAs throughout the year. This is based on a 'percentage complete' result against targets set at the beginning of the year and published in the 2010-11 Annual Plan and Budget. This year we have continued to use percentage complete as we believe it gives stakeholders a very specific indication of the actual result. However in recognition of the importance of a clear statement of achievement, we have applied the following scale to the Performance Statement:

100% Complete = Achieved
90-99% Complete= Substantially Achieved
80-89% Complete= Partially Achieved
Less than 80% Complete = Not achieved

The method for determining percentage complete is based initially on the professional judgement of the responsible officer who weighs up what has been achieved against what was planned. A rigorous process of review then occurs where the percentage complete determined by the responsible officer is reviewed first by the appropriate Manager and then the responsible Director. The final determination of percentage complete is jointly reviewed by the CEO and Directors each month.

External factors impacting on achievement of KSAs

The City of Melbourne's ability to implement KSAs can be impacted upon by external matters outside of its control. In most cases, KSA measures are established to focus on our specific role however this is not practical in all cases, especially where an external reader needs to understand the full context of the KSA.

The following Performance Statement outlines the City of Melbourne's achievement against the 10 KSAs for 2010-11.

KSA 1 Melbourne Planning Scheme

Key Strategic Activity: Complete the Melbourne Planning Scheme review and submit for approval by Council			
Goal: 1 A city for the people			
Outcome: 1.8 A well planned city with a vision of the future		Objective: 1.8.1 Establish a robust planning scheme that facilitates sustainable growth and development and protects heritage	
Division: City Planning and Infrastructure			
Measure	Target	Actual	Comments
Cost - Operational	\$525,000	\$496,656	Achieved Achieved within budget.
Time – City North precinct structure plan and draft planning scheme amendments for the area completed and reported to Council	June 2011	85%	Partially Achieved On 10 May 2011 the Future Melbourne Committee (FMC) endorsed the draft City North precinct structure plan for public consultation. The draft planning scheme amendment component is delayed until after the adoption of the final plan.
Time - Planning Scheme amendment for built form policy and controls for the Central City completed and results of exhibition reported to Council	June 2011	75%	Not Achieved On 12 April FMC deferred this deliverable until November 2011 to allow for further stakeholder consultation and review the proposed planning controls. FMC approved the draft amendment to be submitted to the Minister for exhibition on 17 May 2011 and we await the Minister's response in due course. In view of the work undertaken to date and in light of the decision to defer completion to November, a rating of 75% complete is given.
Time - Planning Scheme amendments for zones and overlays in Southbank completed and results of exhibition reported to Council	June 2011	85%	Partially Achieved On 12 April 2011 FMC deferred this deliverable until August 2011 as the Minister's authorisation was received later than anticipated. In view of the work undertaken to date and in light of the decision to defer completion to August, a rating of 85% complete is given.
Time - North Melbourne / Kensington area Structure Plan completed and reported to Council	June 2011	100%	Achieved The FMC endorsed the community consultation for the North Melbourne / Kensington area structure plan (renamed the Arden Macaulay Structure Plan) on 10 May 2011.
Time – Energy, water and waste efficiency planning scheme policy report to Council on	June 2011	95%	Substantially Achieved A draft energy water and waste efficiency amendment was prepared for the

Key Strategic Activity: Complete the Melbourne Planning Scheme review and submit for approval by Council			
Goal: 1 A city for the people			
Outcome: 1.8 A well planned city with a vision of the future		Objective: 1.8.1 Establish a robust planning scheme that facilitates sustainable growth and development and protects heritage	
Division: City Planning and Infrastructure			
Measure	Target	Actual	Comments
the draft amendment completed			14 June 2011 Future Melbourne Committee but subsequently withdrawn from the agenda at the request of Council to allow for further public consultation. The work has therefore been substantially completed but presentation of the amendment will now be deferred until 2011-12.
Time - Climate Change Adaptation: Develop an inundation overlay and heat island policy. Report to Council on the amendment	June 2011	66%	Not Achieved FMC resolved to defer completion of this deliverable on 12 April 2011. The inundation overlay depends on Melbourne Water's direction and they have requested a time extension that will delay completion to June 2012. An unusually cool summer has also prevented collection of the aerial thermal imagery required for the heat island policy.
Time – With VicUrban develop the new Docklands Strategic Framework as part of the Docklands Second Decade plan	June 2011	5%	Not Achieved FMC resolved to defer completion of this deliverable on 12 April 2011 as it is dependant upon completion of the Docklands Second Decade (D2) whose finalisation depends on the new government's approval.
Quantity - Planning Scheme amendments prepared and presented to Council for approval	100%	0%	Not Achieved Reasons are outlined above.

KSA 2 City Safety & Security Initiatives

Key Strategic Activity: Implement city safety and security initiatives			
Goal: 1 A city for people			
Outcome: 1.3 Residents and visitors feel safe		Objective: 1.3.1 Work towards a safer city through partnerships with other agencies	
Division: City Planning and Infrastructure			
Measure	Target	Actual	Comments
Cost - Capital Works Program	\$620,000	\$591,511	Achieved Achieved within budget
Time - Additional waste management services on Thursday-Sunday nights within the CBD delivered (particularly at Elizabeth Street and Flinders Street intersection and Swanston Street between Collins and Flinders Streets)	December 2010	100%	Achieved Work instructions were issued to CityWide Service Solutions and the additional services were provided under the existing contract arrangements for 12 months from 1 July 2010.
Time - Two enhanced taxi ranks implemented in Collins Street (#3) and Flinders Street (#4) subject to usage survey	June 2011	100%	Achieved Following usage survey results rank #3 was installed at 8 King Street between Flinders Lane and Flinders St and rank #4 at 200 Queen Street between Lonsdale and Little Bourke streets by June 2011 as posted on the City of Melbourne web site.
Time - A forward plan to June 2013 of actions across the organisation to support late night activation developed	June 2011	100%	Achieved The late night activation plan for 2011-13 was presented to Councillors in May 2011 and endorsed.
Time - Two surveillance vehicles to patrol CBD hotspots in highly visible vehicles fitted with 360o CCTV cameras every Friday and Saturday 22:00 to 6:00 during the peak activity period (6 months) of the year	April 2011	100%	Achieved Work instructions were issued for the additional surveillance services which were provided under a variation to the existing contract arrangements for prescribed peak activity periods.
Quantity – Enhanced taxi ranks installed as planned	2 taxi ranks installed	100%	Achieved As per time measure regarding two enhanced taxi ranks implemented.

Key Strategic Activity: Implement city safety and security initiatives			
Goal: 1 A city for people			
Outcome: 1.3 Residents and visitors feel safe		Objective: 1.3.1 Work towards a safer city through partnerships with other agencies	
Division: City Planning and Infrastructure			
Measure	Target	Actual	Comments
Quantity - Reduced litter presence in the additional CBD waste management areas	No more than 80% full at any time and verified through surveillance audit	<80%	Not Achieved A significant number of bins were found to be more than 80 per cent full during audit surveillance inspection times.
Quality – Positive feedback from Victorian Taxi Association, Victorian Taxi Directorate, Victorian Taxi Drivers Association.	Positive feedback received indicating a reduction in anti-social incidents.	Mixed feedback	Partially Achieved Consultant group, Village Well were engaged to complete a survey of taxi rank users with mixed (positive / negative) results including very positive feedback about the presence of taxi marshals. Due to the varied nature of the feedback the target is regarded as partially achieved.

KSA 3 1200 Buildings

<p>Key Strategic Activity: Accelerate the energy and water retrofit of commercial buildings in the municipality through the 1200 Buildings Campaign, in partnership with other organisations</p>			
<p>Goal: 5 An eco-city</p>			
<p>Outcome: 5.1 A reduced ecological footprint</p>		<p>Objective: 5.1.1 Influence the municipality to become a zero net emissions city</p>	
<p>Division: City Planning and Infrastructure</p>			
Measure	Target	Actual	Comments
Cost – Operational	\$600,000	\$545,834	Achieved Completed within budget.
Cost – Capital Works Program	\$75,000	\$45,073	Achieved Completed within budget.
Time - Funding agreement with the State Government to address set up costs established	August 2010	100%	Achieved An agreement with Victorian Government to fund 1200 Building Program set up costs was signed with the Victorian Government on the 12 October 2010.
Time - Ongoing program development and management of rollout including building recruitment (up to 50 more buildings), events, marketing and evaluation activities	June 2011	100%	Achieved The overall program included the development of information kits and case studies, videos, advice sheets and collateral (e.g. post cards) support for conferences, surveys, public engagement events for signatories as well as one-to-one meetings.
Time - The 1200 Buildings database developed and website updated	June 2011	100%	Achieved The website was updated to include usability enhancements and new content in accordance with the upgrade specification. After an analysis of business requirements, an "off the shelf" software was purchased with an import file developed for importing data into the new database.
Time - A financial mechanism to accelerate the uptake of the program developed. Sustainable Melbourne Fund appointed to deliver the financial mechanism	December 2010	90%	Substantially Achieved The Environment Upgrade Agreement and associated procedures have been developed. The Sustainable Melbourne Fund website, complete with information about the application process, is now live. Sustainable Melbourne Fund was appointed in August 2010 however it was

Key Strategic Activity: Accelerate the energy and water retrofit of commercial buildings in the municipality through the 1200 Buildings Campaign, in partnership with other organisations			
Goal: 5 An eco-city			
Outcome: 5.1 A reduced ecological footprint		Objective: 5.1.1 Influence the municipality to become a zero net emissions city	
Division: City Planning and Infrastructure			
Measure	Target	Actual	Comments
Quantity - Number of participating buildings	Up to 50 additional buildings by June 2011	8 additional buildings	subsequently identified that the value of these services would exceed \$150,000. A report was presented to the Future Melbourne Committee on the 5 April 2011 recommending we seek an exemption from the public tender process under section 186 of the <i>Local Government Act 1989</i> to confirm Council's appointment of the Sustainable Melbourne Fund. We are awaiting Ministerial exemption, however as most of the work for the financial mechanism is complete the target is regarded as substantially achieved. Not Achieved Eight new signatories were added to the program database including Sullivan Property, AMP Capital Investors, Crown Melbourne, Hayball , Norman Lindsay & Young, Selected Growth Property Trust, Eighth Grange , Electrical Trades Union. The number of participating buildings has not grown as planned and this is due primarily to resources being diverted into dealing with the complexity of the legislation enabling Environmental Upgrade Agreements. Progress is also slowed by the need to spend substantial time building relationships with companies so they are confident to commit funds required to participate.

KSA 4 Climate Change Adaptation

Key Strategic Activity: Climate change adaptation strategies including commencement of urban forest projects and water security for parks and gardens			
Goal: 5 An eco-city			
Outcome: 5.2 Melbourne is better adapted to climate change		Objective: 5.2.1 Influence the municipality to adapt to climate change	
Division: City Design			
Measure	Target	Actual	Comments
Cost - Capital Works Program	\$6,120,000 \$7,200,000 <i>(including \$1,500,000 of external funding)</i> \$190,000 \$230,000	\$4,595,600 \$4,500,000 \$86,150 \$9,450	Partially Achieved The \$7.2M budget included \$1.5M external funding from a Federal Government Grant, which was not received in 2010-11. Delays in construction of some projects have impacted on actual expenditure, resulting in partial achievement of the set target.
Time- Yarra River corridor landscaping enhancements commenced	June 2011	90%	Substantially Achieved Landscape plan and community consultation is finalised. The trees have been purchased ready for planting, which is scheduled for late August.
Time - Greater support to existing mature park trees provided	June 2011	100%	Achieved The program to provide a range of supplementary treatments to reduce stress on mature trees has been completed. Works included soil decomposition, extensive mulching of mature trees and modification of irrigation systems to provide adequate levels of watering for the trees to eliminate stress.
Time - Urban street tree plantings upgraded and extended	June 2011	100%	Achieved A total of 891 trees were planted in the June / July 2011 period. Some of these trees replace the approximately 160 trees scheduled for removal. Planting is underway or has been completed for St Mary's Church, North Melbourne, Elliot Avenue, Bellair Street and Clarendon Street.
Time - Urban Forest Strategy Eades Place Greening	June 2011	80%	Partially Achieved Detailed design complete. Community engagement and support for the project finalised. Materials for construction have been purchased. Now awaiting Citipower affirmation on redundancy of high voltage power cable

Key Strategic Activity: Climate change adaptation strategies including commencement of urban forest projects and water security for parks and gardens			
Goal: 5 An eco-city			
Outcome: 5.2 Melbourne is better adapted to climate change		Objective: 5.2.1 Influence the municipality to adapt to climate change	
Division: City Design			
Measure	Target	Actual	Comments
Time - Urban Forest Strategy Arden Street Greening	June 2011	90%	<p>which has delayed the construction. In view of the work already undertaken the target is regarded as partially achieved by the due date.</p> <p>Substantially Achieved Detailed assessment of the original scope led to a realisation that the best outcome would be to increase the scope to encompass the entirety of Arden Street, not just the original scope of one block. Therefore the 2010-11 scope was adjusted to achieve a detailed concept plan for the entirety of Arden and to include east / west bicycle link as advocated by VicRoads; stormwater abatement modifications; increased tree planting and greening opportunities; reduction in traffic speeds and volumes, increased pedestrianisation; and expansion of land adjacent to recreational grounds to increase open space. The detailed concept has been completed resulting in an assessment of substantially completed Joint funding for implementation is being sought with VicRoads.</p>
Time - Design and documentation of water savings projects in Fitzroy Gardens as part of the Fitzroy Gardens Masterplan Review - including depot rationalisation and children's garden/cafe redevelopment	June 2011	90%	<p>Substantially Achieved The Fitzroy Gardens Masterplan Discussion Paper was reviewed and adopted by Council in March 2010. The Masterplan is still awaiting a few minor heritage issues which will enable it to be finalised. The revised Masterplan identifies water savings projects including design and documentation for a new depot, garden and installation of water tanks. Design and documentation for the installation of water tanks in Fitzroy Gardens was almost completed by June 30 but ultimately not fully completed for tendering until August.</p>
Quantity - Percentage of planned tree plantings achieved	100%	95%	<p>Substantially Achieved Tree planting completed in numerous locations including Birrarung Marr, Royal Park and South Boulevard. Tree planting in Yarra River delayed until late August 2011. The work is not yet completed with a small number of tree plantings still to be completed</p>

KSA 5 Streetscapes

Key Strategic Activity: Develop a framework to support an improvement plan for selected streetscapes and implement identified projects			
Goal: 1 A city for the people			
Outcome: 1.6 High quality public spaces		Objective: 1.6.1 Provide a range of high quality and welcoming public spaces	
Division: City Planning and Infrastructure			
Measure	Target	Actual	Comments
Cost - Operational	\$154,000	\$113,673	Achieved Completed within budget.
Cost - Capital Works Program	\$400,000	\$92,025	Achieved Capital Expenditure \$92,025 + \$30,300 (accrual for King Street feature survey) = \$122,325 actual expenditure. Balance of budget funds, \$277,675 to be carried forward to 2011-12 to undertake community engagement and detail design of Flinders Lane and Elizabeth Street streetscape improvement projects.
Time - Condition survey and improvement proposals for Elizabeth Street and Flinders Lane completed	June 2011	100%	Achieved The improvement proposals for Elizabeth Street and Flinders Lane were approved by Council on 28 June.
Time - Concept alternatives to improve the pedestrian amenity of King Street and to support east-west public transport movements prepared	June 2011	100%	Achieved The Concept alternatives to improve pedestrian amenity in King Street were approved by Council on 28 June.
Time - Asset management policy and strategy including evaluation criteria prepared	June 2011	100%	Achieved The streetscape framework, asset management policy and asset management strategy including the evaluation criteria were presented to Council on 28 June and subsequently approved.
Time - Rolling program of improvements developed	June 2011	100%	Achieved The rolling program of streetscape improvements was approved by Council on 28 June.
Quantity - Number of improvement proposals completed.	2	2	Achieved Two improvement proposals for Elizabeth Street and Flinders Lane were approved on 28 June by Council.

KSA 6 Queen Victoria Market

Key Strategic Activity: Agree on the preferred option for the Queen Victoria Market site and undertake community engagement			
Goal: 3 Economic Prosperity			
Outcome: 3.1 A sustainable and resilient city economy		Objective: 3.1.1 Implement strategies to support a thriving and diverse economy	
Division: City Design			
Measure	Target	Actual	Comments
Cost - Capital Works Program	\$1,230,000 \$230,000 \$1,000,000	\$580,000 \$230,000 \$350,000	Partially achieved Advanced design works – achieved Queen Street - Expenditure to date was to complete the design for the upgrade of Queen Street at Queen Victoria Market (QVM) which was completed. The remaining budget was for the construction of the projects, however this has been delayed and anticipated that the works will be constructed in 2011-12.
Time - Community engagement plan developed and implemented and market research on market users and non-users conducted	December 2010	80%	Partially Achieved The Market research component is complete and the Community Engagement Plan has been put together and implementation is underway. However, engagement with the QVM traders was delayed, commencing in July 2011 with the release of a survey, resulting in an overall assessment for this target as partially achieved..
Time - Site options agreed with the State Government	December 2010	90%	Substantially Achieved A preferred option has been agreed in principle by council and discussions have progressed with Victorian Government. Summary document prepared for Victorian Government consultation purposes as per Issues Management Plan and Community Engagement Plan.
Time - Public open space to Queen Street tender documentation completed	June 2011	55%	Not Achieved In principal approval from QVM was received on 21 June 2011 but includes conditions. Design completed, however project on hold pending outcomes of the discussions with the Victorian Government.
Time - Strategic development framework (with State Government input) completed	June 2011	90%	Substantially Achieved The QVM long term strategy has been drafted, drawing on a range of strategic inputs and research. A summary of the proposed long term

Key Strategic Activity: Agree on the preferred option for the Queen Victoria Market site and undertake community engagement			
Goal: 3 Economic Prosperity			
Outcome: 3.1 A sustainable and resilient city economy		Objective: 3.1.1 Implement strategies to support a thriving and diverse economy	
Division: City Design			
Measure			
	Target	Actual	Comments
			strategy was presented to Councillor Forum in late March 2011. Following this presentation, at Council's request, feedback is being sought from key Victorian Government stakeholders prior to embarking on a broader public community engagement process. The target was substantially achieved, noting that further input from the Victorian Government is underway which will lead to full completion.
Time - Business Plan and Precinct Plan prepared	June 2011	85%	Partially Achieved The finalisation of the draft strategic directions is a key document for the development of the 2012 QVM Business Plan. The Business Plan and Precinct Plan was not completed in its entirety however the target is regarded as partially achieved as there is an in principle agreement between the City of Melbourne and the Board of Directors of the Queen Victoria Market Pty Ltd on the structure of the 2012 QVM Business which will be finalised later this year.
Quantity - Strategic development framework completed	Framework complete	90%	Substantially Achieved The QVM long term strategy has been drafted. A summary of the proposed long term strategy was presented to Councillor Forum in March 2011. Feedback is being sought from key Victorian Government stakeholders prior to embarking on a broader public community engagement process.
Quality - A Strategic Development Framework that captures the vision for the precinct		90%	Substantially Achieved As above

KSA 7 Swanston Street Redevelopment

Key Strategic Activity: Deliver Stage one of Swanston Street redevelopment strategy			
Goal: 6 A connected city			
Outcome: 6.2 Melbourne is connected and accessible regionally, nationally and globally		Objective: 6.2.2 Make Melbourne accessible for all Victorians including commuters, freight and delivery vehicles	
Division: City Design			
Measure	Target	Actual	Comments
Cost - Capital Works Program	\$7,800,000	\$3,900,000	Not Achieved Expenditure at 30 June 2011 is behind plan due to delay of five months in obtaining regulatory approval from Transport Safety Victoria (TSV) for Stage 1.
Time - Stage one between Latrobe Street and Little Lonsdale Street complete	June 2011	40%	Not Achieved Construction of Swanston Street Redevelopment Stage 1 was delayed as a result of issues raised by TSV in November 2010. Council was given approval to recommence the project in March 2011. Stage 1 construction commenced on 20 May 2011 and is on track for completion in November 2011.
Time - Design and documentation of stage two works complete	May 2011	100%	Achieved Completed within target.

KSA 8 Docklands Second Decade

Key Strategic Activity: Complete the Docklands Second Decade Plan			
Goal: 1 A city for the people			
Outcome: 1.8 A well planned city with a vision of the future		Objective: 1.8.2 Facilitate quality urban development and sustainable growth in Docklands	
Division: City Design			
Measure	Target	Actual	Comments
Cost - Operational	\$324,000	\$140,193	Partially Achieved Underspent as the Final Docklands Second Decade Plan has not been adopted. It was anticipated that the remaining funds would be spent on production of the final document.
Time - Second decade plan - draft for consultation and final plan prepared	June 2011	95%	Substantially Achieved A Draft Docklands Second Decade Plan has been finalised and the target is regarded as substantially completed. The plan is now subject to a response by the Minister for Planning. The project was initially delayed due to the caretaker period in the lead up to the Victorian Government election during November 2010.
Time - Second decade communications activities and media launches delivered	June 2011	95%	Substantially Achieved The draft shared vision for Docklands (collaboratively prepared by City of Melbourne and VicUrban) was launched at a media event on 28 October 2010. Minister Justin Madden and the Lord Mayor launched Phase 2 of the Second Decade of Dockland (D2) project to the media at an event on Central Pier, Docklands on 29 October 2010. The communication activities were focussed on internal communication with CoM and VicUrban staff, including a Councillor briefing on 24 May. Phase 2 of Stakeholder Engagement Program was completed in May 2011. Phase 3 is scheduled to occur in July and August with the final D2 Plan scheduled for release in September. With the announcement of Urban Renewal Authority submitting VicUrban and a change to the VicUrban board, external communications activities for June were placed on hold until further information and direction from the Minister for Planning. However the target is substantially achieved apart from phase three.

Key Strategic Activity: Complete the Docklands Second Decade Plan			
Goal: 1 A city for the people			
Outcome: 1.8 A well planned city with a vision of the future		Objective: 1.8.2 Facilitate quality urban development and sustainable growth in Docklands	
Division: City Design			
Measure	Target	Actual	Comments
Time - Stakeholder engagement program delivered	December 2010	95%	Substantially Achieved The stakeholder engagement program timeframe was amended late last year to accommodate the caretaker period in the lead up to the Victorian Government election during November.
Quantity - Project deliverables completed on time, as scheduled	100%	95%	Substantially Achieved A Draft Docklands Second Decade Plan has been finalised and is now subject to the response by the Minister for Planning.
Quality - Final plan endorsed by Council and VicUrban Board and broadly accepted by key stakeholders and the community	Plan endorsed	95%	Substantially Achieved The document is now subject to the response by the Minister for Planning.

KSA 9 Community Infrastructure

Key Strategic Activity: Deliver new community infrastructure			
Goal: 1 A city for the people			
Outcome: 1.7 Improved access to relevant and affordable community services		Objective: 1.7.4 Establish and improve community infrastructure in all neighbourhoods	
Division: Community Development			
Measure	Target	Actual	Comments
Cost - Operational	\$100,000	\$12,384	Partially Achieved Doutta Galla Community Health Service received a grant to undertake service planning for the Drill Hall. A major component of the City of Melbourne operational budget was no longer required for this project, resulting in an assessment of partially achieved.
Cost - Capital Works Program	\$8,300,000	\$4,751,660	Partially Achieved Capital Works projects which are part of KSA 9 were not all achieved for various reasons. Expenditure of \$4.7M is regarded as partially achieved.
Cost - External Contribution	\$1,250,000	\$0	Not Achieved This external contribution was for the Docklands Library and Community Centre. The project has not progressed to construction in 2010-11, and therefore the contribution from VicUrban has not been paid to CoM.
Time - Docklands Library and Community Centre - design and work commenced	June 2011	35%	Not Achieved Docklands Library and Community Centre is significantly delayed and has not met its deliverable target due to constraints on the previously proposed site (the "CLEC" site). In February 2011 Council resolved to look at other sites and alternative procurement strategies. In March 2011 expressions of interest were sought from organisations and developers in the precinct to develop a library and community centre within Docklands. In May 2011 Council considered this matter and further negotiations are continuing with potential developers.
Time - Docklands Social and Recreation Hub - site identification and schematic design and Carlton Health and Aged Hub concept design completed	June 2011	65%	Not Achieved Docklands Social and Recreation Hub: Docklands Recreation Hub feasibility is being considered as part of the second decade of Docklands (D2) process. The main focus for a recreation

Key Strategic Activity: Deliver new community infrastructure			
Goal: 1 A city for the people			
Outcome: 1.7 Improved access to relevant and affordable community services		Objective: 1.7.4 Establish and improve community infrastructure in all neighbourhoods	
Division: Community Development			
Measure	Target	Actual	Comments
			<p>facility is at Western Park in Docklands. Concept options have been developed by VicUrban and a community engagement process undertaken to look at the future social and recreational uses of Western Park.</p> <p>Carlton Health and Aged Hub (“Carlton Service Model”)</p> <p>The Carlton Health and Aged Hub (Carlton Service Model) has been put on hold by the Victorian Government, and a concept design was not delivered this financial year.</p> <p>On 17 June 2011 CoM indicated to the Victorian Government its intention to purchase the Kathleen Syme Centre (in Carlton) for community use including the provision of aged, families and children’s services from this building. The contract of sale and payment by CoM was made by 30 June 2011.</p>
Time - Carlton Pool and Recreation Centre and Carlton Family Resource Centre - design and documentation completed	June 2011	100%	Achieved
Time - Drill Hall Community Centre - Grant of \$600,000 to HCA (Housing Choices Australia) provided	June 2011	100%	Achieved
Time - Drill Hall and other homeless initiatives delivered	June 2011	80%	Partially Achieved
			<p>A draft business case has been developed in concert with the Dousta Galla Community Health Service to develop a Central City Health Service for homeless people in the Drill Hall Community Centre.</p> <p>Other homelessness initiatives have also progressed including preparing a feasibility report for the proposed development of low cost housing and services at the rear of the Salvation Army site at 69 Bourke Street.</p> <p>The target was partially achieved as the final business case was not presented to council by 31 June 2011.</p>

Key Strategic Activity: Deliver new community infrastructure			
Goal: 1 A city for the people			
Outcome: 1.7 Improved access to relevant and affordable community services		Objective: 1.7.4 Establish and improve community infrastructure in all neighbourhoods	
Division: Community Development			
Measure		Target	Actual
Time - Boyd School community centre and library - design and construction commenced		June 2011	100%
Time - Kensington Town Hall - upgrade commenced		June 2011	100%
Quantity - The percentage of projects completed as planned		100%	83%
		Comments	
		Achieved The design and early works contract for the redevelopment of the Boyd School community centre has been completed. The main contractor commenced on site in March 2011.	
		Achieved The underpinning works at Kensington Town Hall have been completed.	
		Plans and documentation have been completed for a further phase of works within the current funding allocation, including repairs to the building fabric and facade.	
		Partially Achieved Docklands Library and Community Centre was significantly delayed due to overriding constraints on the previously proposed site. While a number of projects were completed as planned the Carlton Health and Aged Hub was been put on hold by the Victorian Government, and a concept design was not delivered this financial year.	

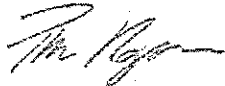
KSA 10 CH1 Precinct

Key Strategic Activity: Complete the feasibility study for CH1 precinct and agree on a preferred option			
Goal: 8 Manage our resources well			
Outcome: 8.3 An efficient, service focused organisation		Objective: 8.3.3 Manage and use City of Melbourne property and assets effectively	
Division: Corporate Business			
Measure	Target	Actual	Comments
Cost - Operational	\$240,000	\$157,520	Achieved KSA 10 was completed within budget.
Time - Independent market analysis report delivered	August 2010	100%	Achieved Independent technical reports have been completed. Consolidated overview report tabled at Councillor Forum 3 May.
Time - Design and Costing options prepared and analysed	December 2010	100%	Achieved Completed report detailing the design and costing options that was then presented at Councillor Forum 3 May.
Time - Draft Property Management Policy completed	November 2010	100%	Achieved The draft Property Management Policy was completed. Access and analysis of restructured lease register presented to Director's Forum 29 June. Consolidated lease register now embedded in normal real estate management processes. New Corporate Lease Management Policy has been presented to Directors.

MELBOURNE CITY COUNCIL

Statement by councillors, Chief Executive Officer and Principal Accounting Officer on the performance statement for the year ending 30 June 2011

In my opinion the accompanying performance statement has been prepared in accordance with the Local Government Act 1989.

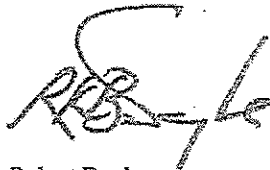


Phu Nguyen (CPA)
Principal Accounting Officer

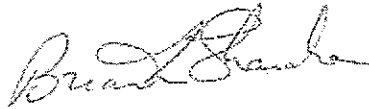
In the council's opinion the accompanying compulsory performance statement presents fairly the performance of the Melbourne City Council for the year ending 30 June 2011.

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

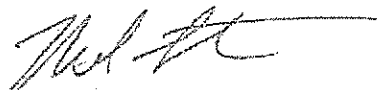
We were authorised by the council on 30 August 2011 to certify the financial report in its final form.



Robert Doyle
Lord Mayor



Brian Shanahan
Councillor



Mark Stoermer
Acting Chief Executive Officer

Melbourne

Date:

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Melbourne City Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2011 of the Melbourne City Council which comprises the statement, the related notes and the statement by councillors, chief executive officer and principal accounting officer has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Independence

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

Independent Auditor's Report (continued)


Auditor's Opinion

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

Matters Relating to the Electronic Publication of the Audited Performance Statement

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

MELBOURNE
14 September 2011


D D R Pearson
Auditor-General

BEST VALUE AND LOCAL GOVERNMENT INDICATORS

Best value information

In 1999 the Victorian Government amended the *Local Government Act 1989 (Vic)* to add a new section on Best Value. This replaced the previous requirements for Compulsory Competitive Tendering.

These amendments require the City of Melbourne to review all services and adopt service delivery models that are the best on offer to meet the needs of the community.

The *Local Government Act* requires Council to take these six principles into account when reviewing its services under best value:

- the need for services to deliver against agreed quality and cost standards
- accessibility of services to those who need them
- services being responsive to changing community needs
- continuous improvement in the delivery of services
- community consultation on services and activities
- regular annual reporting to the community on Council's performance

The City of Melbourne is committed to the continuous improvement of its services and projects to ensure best value for the community.

Community engagement and 'Lean Thinking' (CoMLean) programs ensure the City of Melbourne applies best value principles in the services we operate and manage.

Lean thinking

Lean thinking is a business method that aims to create value for internal and external customers by eliminating waste and duplication. In service industries, 'lean' means the right service, in the right place, at the right time, provided by the right person and done right the first time. Value for the customer is increased by systematically removing waste from processes and the associated work.

In 2010-11 the CoMLean program comprised 11 large improvement projects. The program continued to embed continuous improvement into the culture of the City of Melbourne.

Teams from across the City of Melbourne applied lean thinking methods to council programs to increase value to ratepayers.

Community engagement

Community engagement involves informing, consulting with and seeking the active participation of the community in issues that impact on them. It is a formal process that is designed to seek out and facilitate the involvement of key stakeholders and a diverse cross section of the community so that the range of ideas and opinions are considered as part of the Council's decision-making process. The techniques for engagement are varied and tailored to support accessible and well informed participation.

The City of Melbourne community engagement processes are exposed to continuous improvement through the development of an evaluation framework, as well as internal and external review.

Building a culture of community engagement that is integral to core business contributes to open and responsible government and a more informed and engaged society. Staff from across Council's five divisions have been involved in training, and in developing and implementing community engagement planning processes. Through their contribution they contribute to embedding the desired cultural change.

This year the City of Melbourne has sought community input on a number of projects including:

- Docklands
- Melbourne Planning Scheme including key precincts of Kensington, North Melbourne and Southbank.
- Swanston Street redevelopment
- new opportunities for Carlton
- Carlton Baths and Resource Centre redevelopment design
- adapting to Climate Change projects
- review of the Street Trading Policy
- city safety and homeless strategy
- Children's Policy and
- on-line mapping system.

The City of Melbourne has continued to apply the best value principles in assessing and improving its services in the following ways:

Best value principle Application at the City of Melbourne

Quality and cost standards

This principle refers to the extent to which services are achieving or exceeding relevant key performance indicators of service quality and the service can demonstrate value for money.

The City of Melbourne measures the standard of service through a range of quality and cost measures including industry standards, the strategic indicators of its council plan and measures for Lean Thinking streams.

The following Lean Thinking streams have targets and metrics aligned to quality and cost:

- childcare – increased use of centres (increased revenue and increased services for parents requiring childcare), reduced agency spend
- recruitment – reduced number of 'defective' recruitment episodes (episodes delayed or readvertised)
- parking meters – increased uptime of parking
- committee reports – increased quality and timeliness of reports submitted to Council
- maintenance requests – increased internal customer satisfaction; reduced backlog
- Health Services – increased number of food samples, using existing resources
- Planning and Building – reduced outstanding debt.

Responsive to community needs This principle refers to the extent to which the community feels that we not only understand what they are seeking from services offered but also the extent that the current service offerings reflect that understanding.

Community needs are established through review of relevant data and research, community engagement, the analysis of customer requests and survey results.

A robust community engagement process supports organisation decision-making by assisting those affected by a Council initiative to contribute to the decision-making process at a level that can be supported by the organisation. Some projects seek community opinion on options already developed, while other projects will partner with the community in each aspect of the process including identifying the preferred solution.

In 2010-11 the City of Melbourne's community satisfaction rating for the overall performance of Council was 68 per cent. Broadly consistent with results over the last five years.

The primary focus of Lean Thinking is to improve value from the perspective of the customer, in our case, the community, by eliminating waste in processes. Some examples include:

- childcare centres – increased timeliness and quality of the child's individual plan of care; and increased availability of online methods of fees payment
- recruitment – improved timeliness and quality of communication processes with applicants for positions available at City of Melbourne
- interim residential parking permit process – reduced waiting time for final permit, eliminating the need for a temporary permit.

Accessible services This principle refers to the extent to which services are able to be readily accessed by those for whom the services are intended.

Continuous improvement This principle refers to the extent to which our work is continuously improved. The City of Melbourne has adopted a Lean Thinking approach as our improvement model. These improvements have resulted in measurable savings of at least \$711,000 and productivity release of 3200 hours.

Some specific improvement outcomes for 2010-11 include:

- parking savings of \$17,000 per annum as a consequence of quality focussed process improvements
- reduced spend on executive recruitment estimated at \$210,000; time to recruit reduced from 30 days to 25 days, productivity release for recruitment managers estimated at 1310 hours; 88 per cent of staff undertaking the recruitment process consider it has improved
- childcare fee payment savings of \$6000 on Armaguard contract; cash payments reduced from 15 per cent to 1 per cent with increased parent satisfaction, planning day savings of \$50,000 on agency staff, food \$4000 savings due to

changes in meal delivery, utilisation increased from 79 per cent to 88 per cent, delivering \$13,000 in increased revenue.

- parking meter revenue increase of 1.1 per cent (\$358,620).
- committee report monthly metrics indicate there is improvement in the timeliness and quality.
- maintenance request improvements include establishment of internal customer satisfaction metric with high satisfaction levels; backlog reduced by 50 per cent and 54 per cent reduction in time taken from logging of job to job close.
- increased health services sampling (up by 400 per cent) with same resource as a result of process improvement program.

The City of Melbourne has developed an interim evaluation method to apply to all projects that have a community engagement component. The evaluation method will assess the extent to which events that engage the community provide clear influence over project directions and major decisions.

Community consultation

Community engagement is any process that involves the public in problem-solving or decision-making and uses public input to make decisions. The City of Melbourne community engagement framework is built on the International Association for Public Participation (IAP2) core values and spectrum for public participation.

This year the City of Melbourne has sought community input on a number of projects as indicated earlier in this section.

Victorian LGA Indicators

Indicator	2006-07	07-08	08-09	09-10	10-11
Overall performance Community satisfaction rating for overall performance generally of council	72	68	66	68	68
Advocacy Community satisfaction rating for the council's advocacy and community representation on key local issues	66	62	61	64	61
Engagement Community satisfaction rating for the council's engagement in decision-making on key local issues	61	59	59	62	59
All rates Average rates and charges per assessment (all rates)	\$2,255	\$2,265	\$2,318	\$2,457	\$2,412
Residential rates Average rates and charges per residential assessment	\$809	\$877	\$939	\$968	\$950
Operating costs Average operating expenditure per assessment	\$4,455	\$3,993	\$4,333	\$4,214	\$4,227
Capital expenditure Average capital expenditure per assessment	\$932	\$909	\$1,060	\$863	\$839
Infrastructure Renewal gap	76%	67%	70%	76%	73%
Renewal and maintenance gap	80%	71%	72%	79%	77%
<u>Debts</u> Average liabilities per assessment	\$1,331	\$1,184	\$989	\$817	\$1,039
Operating result Operating results per assessment <i>Note: This represents the operating results per assessment as per the subtotal profit/loss for the period.</i>	\$2,819	\$1,357	\$340	\$(360)	\$474

GLOBAL REPORTING INITIATIVE DISCUSSION AND INDICATORS

The Global Reporting Initiative (GRI) is a network-based organisation that produces a comprehensive sustainability reporting framework that is widely used around the world. The City of Melbourne uses Version G3.0 of the framework, which sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance

The GRI's principles of inclusiveness, relevance, sustainability context and completeness define the content of this report.

It is important to note that the GRI is a global framework that does not assume that reporting organisations have an established reporting process. The City of Melbourne's annual report contents are substantially determined by the requirements of the *Local Government Act 1989* (Vic). Like most local governments, the City of Melbourne has a long history of reporting both financial and non-financial performance to stakeholders. Many of the disclosures required as part of the GRI are also specified under the Act.

GRI Version G3.1

The GRI recently announced an updated version of its framework, the G3.1. The City of Melbourne is supportive of the new directions taken with G3.1 and an increased emphasis on human rights, local community impacts and gender. Indeed, the City of Melbourne has adopted significant strategies in the areas of diversity and community consultation and engagement, highlighting a strong congruence between our own practices and the evolving GRI framework.

Due to timing of the preparation of our annual report, the City of Melbourne has elected to continue working with G3.0 for this year's annual report and intends to transition to G3.1 next year. The transition to G3.1 will coincide with a deeper analysis of our sustainability reporting priorities.

Reading the GRI index

The City of Melbourne has included GRI sustainability indicators as part of its performance measures since 2004-05. The GRI appears in this annual report as a list of indicators, each with a page reference to demonstrate where in the annual report the relevant data can be located.

GRI application level

'Application levels' were introduced with the release of GRI's G3 guidelines in October 2006. The application level system provides organisations with a pathway towards continuous improvement of their sustainability reporting. The levels are intended to motivate reporters to enhance the quality of their reporting over time.

The application levels indicate the extent to which the G3/G3.1 guidelines have been applied in sustainability reporting. They communicate which part of the reporting framework has been addressed – which set of disclosures – varying with the different levels. The levels do not give an opinion on the sustainability performance of the reporting organisation, the quality of the report, or on formal compliance with the G3 or G3.1 guidelines.

This report was prepared to meet the requirements of application level B under the GRI's sustainability reporting guidelines, maintaining the standard of reporting and disclosure of previous years.

To achieve a 'plus' rating (ie B+) organisations must seek external assurance by GRI approved means. Given the level and cost of audit currently in place for the annual report as a whole, the City of Melbourne has chosen not to pursue further external verification of the data at this stage.

The application level table below lists the requirements for each application level. The City of Melbourne has prepared its GRI report to meet 'B' level requirements.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement in final version

More information about the GRI is available at www.globalreporting.org

GRI content table

GRI standard disclosure	Section/Page	GRI indicator
Report profile – strategy and analysis		
Message from LM & CEO	S.3/S.4	1.1
Risks and opportunities	S.3/S.4	1.2
Support for the UN Global Compact	S.1	1.3
Report profile – organisational profile		
Council profile, products, services and organisational diagram	S.1/S.9/S.10	2.1 – 2.10
Report parameters		
Report profile	S.1	3.1-3.5
Report scope and responsibilities	S.1	3.6-3.11
GRI context index	GRI Content Table	3.12
Assurance	S.1	3.13
Governance, commitment and engagement		
Governance and risk management	S.7/S.8	4.1 – 4.12
Memberships	S.1	4.13
Stakeholder engagement	Goals one-six/S.5	4.14-4.17
Public policies and implementation measures		
Sustainable development policies	Part 2	PA2-PA3
Goals, measures and targets	Part 2	PA4-PA7
Economic indicators – performance		
Economic value generated and distributed	Financials	EC1
Risk and opportunities due to climate change	Goal six	EC2
Significant financial contribution from government	Financials	EC4
Economic indicators – indirect economic indicators		
Gross expenditure by type of payment and classification	Financials	PA8 – PA9
Economic indicators – expenditure and procurement		
Procurement policy	Goal five	PA11
Economic, environmental and social criteria	Goal five	PA12
Procurement practice and policy priorities	Goal five	PA13
Environmental indicators		
Energy consumption	Goal five	EN3-EN7
Water consumption	Goal five	EN9-EN10
Biodiversity	Goal five	EN14
Greenhouse gas emissions	Goal five	EN16, EN18
Labour practices and decent work indicators		
Employment, labour/management practices	S.10	LA1, LA2, LA4
OH&S, training and education, diversity and equal opportunity	S.10	LA6-LA14

Social performance indicators		
Community	Part 2	SO1
Corruption	S,8	SO2-SO4
Public policy	S.7	SO5
Compliance	S.8	SO8
Product responsibility indicators		
Marketing and communications	S.8	PR6-PR8

Standard Statements

For

City of Melbourne

Annual Report 2010-2011

Budget v Actual

Note 1. Significant accounting policies

The significant policies, which have been adopted in the preparation of these Standard Statements, are:

(a) Basis of preparation

The Standard Statements of the Council are special purpose financial reports that consist of a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and Standard Statement of Capital Works. These special purpose financial reports have been prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004. These special purpose financial reports do not form part of Council's general purpose financial reports.

CITY OF MELBOURNE**Standard Statements**

For the year ended 30 June 2011

Standard statement of income

	Actuals 2010/11 \$'000's	Budget 2010/11 \$'000's	Variance \$'000's	%	Ref
Revenues					
Rates	192,804	190,432	2,372	1%	
Grants and Subsidies					
- Operating	11,400	11,397	3	0%	
- Capital and Asset Contributions	15,561	10,889	4,672	43%	1
Parking Fees	38,560	38,367	193	1%	
Parking Fines	44,952	44,245	707	2%	
Sundry Fees & Charges	18,302	17,491	811	5%	
Property Rental and Hire	6,711	6,948	(237)	(3%)	
Sales & Recoveries	8,536	3,874	4,662	120%	2
Finance Income	8,782	5,838	2,944	50%	3
Intercompany Revenue	15,811	13,154	2,657	20%	4
Total Revenue	361,419	342,635	18,784	5%	
Expenditure					
Employee Cost	107,276	106,011	(1,265)	(1%)	
Materials and Services	130,986	133,497	2,511	2%	
Financial and Insurance Cost	11,511	11,803	292	2%	
Grants and Contributions	16,572	13,391	(3,181)	(24%)	5
Government Taxes & Levies	3,883	3,792	(91)	(2%)	
Depreciation and amortisation	48,407	50,576	2,169	4%	
Maintenance Costs	10,085	10,063	(22)	(0%)	
Total Expenditure	328,720	329,133	413	0%	
Net gain (loss) on asset disposal	2,163	4	2,159	53975%	6
Contributed assets	1,993	-	1,993	100%	7
Result from Ordinary Activities	36,855	13,506	23,349	173%	
Contributed assets	(1,993)	-	(1,993)	(100%)	
Less Capital Contributions	(15,561)	(10,889)	(4,672)	43%	
Underlying Surplus/(Deficit)	19,301	2,617	16,684	638%	

CITY OF MELBOURNE

Standard Statements

For the year ended 30 June 2011

Standard statement of income - comparison report

<u>Ref.</u>	<u>Item</u>	<u>Commentary</u>
1	<i>Grants and Subsidies (Revenue) – Capital and Asset Contributions</i>	Additional external capital contributions received mainly in relation to: <ul style="list-style-type: none"> • Northbank Promenade (\$1.84 million) • Public Open Space (\$1.18 million) • Culture Precincts improvement (\$1.17 million) • Kensington Town Hall Upgrade (\$0.53 million)
2	<i>Sales & Recoveries</i>	Additional recoveries received mainly in relation to: <ul style="list-style-type: none"> • Building levies collected on behalf of the State Government (\$0.12 million) • Legal cost recoveries from Court proceedings (\$0.21 million) • Property valuations (\$0.41 million) • External labour recoveries mainly for community services and events (\$0.14 million) • Grants in Kind revenue (\$3.42 million, fully offset from Grants in Kind payments, refer to Ref 4 below)
3	<i>Finance Income</i>	The favourable variance is due to higher investment interest revenue generated through higher cash balances.
4	<i>Intercompany Revenue</i>	Primarily related to better than anticipated operating performance by CityWide Service Solutions and Queen Victoria Market (\$1.17 million) as well as higher tax equivalent revenue from the sale of the Melbourne Wholesale Fish Market site (\$1.31 million).
5	<i>Grants & Contributions (Expense)</i>	Primarily due to additional Grants in Kind payments (\$3.42 million, fully offset by additional Grants in Kind revenue, see Ref 2 above).
6	<i>Net gain/(loss) on asset disposal</i>	Due to the sale of part of Penfold Place, Elloit Lane and part of Merriman Lane.
7	<i>Contributed assets</i>	Primarily due to contributed infrastructure assets from Docklands.

CITY OF MELBOURNE
Standard Statements
For the year ended 30 June 2011

Standard statement of Balance Sheet

MELBOURNE CITY COUNCIL
Standard Statement of Balance Sheet
As at 30 June 2011

	Actuals 2010/11 \$'000's	Budget 2010/11 \$'000's	Variance \$'000's	%	Ref
ASSETS					
Current Assets					
Cash assets	151,586	98,397	53,189	54%	1
Receivables	25,171	25,705	(534)	(2%)	
Other Assets	9,439	3,900	5,539	142%	2
Total Current Assets	186,196	128,002	58,194	45%	
Non-Current Assets					
Investments	32,961	31,632	1,329	4%	
Intangibles	6,777	3,647	3,130	86%	3
Investment Properties	97,434	89,446	7,988	9%	3
Property, Plant and Infrastructure	2,898,022	2,736,751	161,271	6%	3
Total Non-Current Assets	3,035,194	2,861,476	173,718	6%	
TOTAL ASSETS	3,221,390	2,989,478	231,912	8%	
LIABILITIES					
Current Liabilities					
Payables	49,768	57,421	7,653	13%	4
Employee entitlements	22,852	19,697	(3,155)	(16%)	5
Provisions	1,336	400	(936)	(234%)	6
Total Current Liabilities	73,956	77,518	3,562	5%	
Non-Current Liabilities					
Employee entitlements	2,532	5,216	2,684	51%	5
Non-Current Payables	4,282	-	(4,282)	(100%)	7
Total Non-Current Liabilities	6,814	5,216	(1,598)	(31%)	
TOTAL LIABILITIES	80,770	82,733	1,964	2%	
NET ASSETS	3,140,620	2,906,744	233,875	8%	
Equity					
Accumulated Surplus	1,736,016	1,686,139	49,877	3%	
Reserves	1,404,604	1,220,605	183,999	15%	
TOTAL EQUITY	3,140,620	2,906,744	233,875	8%	

CITY OF MELBOURNE
Standard Statement
 For the year ended 30 June 2011

Standard statement of balance sheet – comparison report

Ref.	Item	Commentary
1	<i>Cash assets</i>	The higher cash balance is due to a higher underlying surplus generated from operations and some capital works projects carried over to 2011-12.
2	<i>Other (Current) Assets</i>	Other assets are higher due to dividends and tax equivalent payments from Council's subsidiaries at the 30 th June 2011 being recognised as revenue but not yet received.
3	<i>Intangible Assets, Property, Plant & Infrastructure & Investment Properties</i>	A revaluation of land, building and infrastructure assets conducted in June 2011 shows increases in value and intangible assets increase relates in part to the capitalisation of the Integrated Corporate System.
4	<i>Payables</i>	The lower payables primarily due to lower operating accruals than budgeted and non-current payables to Docklands being budgeted in current payables.
5	<i>Employee Entitlements</i>	Total employee entitlements are 2% higher than budget due to higher provision of annual leave and long service leave.
6	<i>Provisions</i>	Higher than budgeted provisions including insurance claims.
7	<i>Non-Current Payables</i>	The non current payables represent payables to Docklands. This was budgeted under current payables.

CITY OF MELBOURNE**Standard Statement**

For the year ended 30 June 2011

Standard statement of cash flows (reconciliation)

	Actuals 2010/11 \$'000's	Budget 2010/11 \$'000's	Variance		Ref
			\$'000's	%	
Net Surplus/(deficit) from operations	36,855	13,602	23,253	171%	
Add back:					
Depreciation and amortisation	48,407	50,576	(2,169)	(4%)	
Loss/(Profit) on sale of assets	(2,163)	4	(2,167)	100%	1
Contributed assets	(1,993)	-	(1,993)	(100%)	2
Surplus before non cash items	81,106	64,182	16,924	26%	
Net movement in working capital	14,221	1,211	13,010	1074%	3
Funds available for investing activities	95 327	65 393	29,934	46%	
Capital expenditure	(62,847)	(84,812)	21,965	(26%)	4
Proceeds from sale of assets	3,082	4,000	(918)	(23%)	5
Docklands Deficit	(1,500)	(1,500)	-	-	
Investment in Sustainable Melbourne Fund	(41)	-	(41)	100%	6
Cash inflow / (outflow)	34,021	(16,919)	50,940	(301%)	
Bank Account (Opening Balance)	117 565	115 320	2 245	2%	
Bank Account (Closing Balance)	151 586	98 398	53 188	54%	

CITY OF MELBOURNE**Standard Statement**

For the year ended 30 June 2011

Standard statement of cash flows (reconciliation)

Ref.	Item	Commentary
1	<i>Loss/(Profit) on sale of assets</i>	Due to the sale of part of Penfold Place, Elloit Lane and part of Merriman Lane.
2	<i>Contributed assets</i>	Contributed infrastructure assets from Docklands.
3	<i>Net movement in working capital</i>	The net movement in working capital reflects an increase in creditors due to a higher level of accrued expenditure not yet paid.
4	<i>Capital Expenditure</i>	Some capital projects have been carried forward into 2011-12 financial year resulting in lower cash outlay for capital expenditure.
5	<i>Proceeds from Sale of Assets</i>	Lower than budgeted proceeds from the sale of Council's assets.
6	<i>Investment in Sustainable Melbourne Fund</i>	Annual distribution from the Sustainable Melbourne Fund which has been re-invested.

CITY OF MELBOURNE
Standard Statement
For the year ended 30 June 2011

Standard Statement of Cashflow

	Actuals 2010/11 \$'000's	Budget 2010/11 \$'000's	Variance	
			\$'000's	%
Cash Inflows/(Outflows) from Operating Activities				
Receipts				
Rates, Fees and Charges	306,506	284,329	22,177	8%
Grants and Other Contributions	28,699	22,286	6,413	29%
Interest received	8,697	5,838	2,859	49%
Dividends Received - Subsidiaries	4,253	-	4,253	100%
Tax Equivalents - Subsidiaries	5,837	-	5,837	100%
Other (including Sales & Recoveries)	14,669	29,407	(14,738)	(50%)
Payments				
Employee Cost	(107,253)	(103,426)	(3,827)	4%
Materials and Services	(161,227)	(163,397)	2,170	(1%)
Other costs	(3,883)	(11,803)	7,920	(67%)
Net Cash Provided by Operating Activities	96,298	63,235	33,064	52%
Cash Inflows/(Outflows) from Investing Activities				
Proceeds from sale of property, plant and equipment	3 082	4 654	(1 572)	(34%)
(Payments) Receipts for Property, Infrastructure, Plant and Equipment	(62 847)	(84 812)	21 965	(26%)
Investment in Sustainable Melbourne Fund	(41)	-	(41)	(100%)
Net Cash Used by Investing Activities	(59,806)	(80,158)	20,352	(25%)
Cash Inflows/(Outflows) from Financing Activities				
Finance costs	(2 471)	-	(2 471)	(100%)
Net Cash Used by Financing Activities	(2 471)	0	(2 471)	0%
Net Increase/(decrease) in Cash Held	34,021	(16,923)	50,944	(301%)
Cash at beginning of the financial year	117,565	115,320	2,245	2%
Cash at end of the financial year	151,586	98,397	53,189	54%

CITY OF MELBOURNE
Standard Statement
 For the year ended 30 June 2011

Standard statement of capital works

	Actuals	Budget	Variance	%	Ref
	2010/11	2010/11			
	\$'000's	\$'000's	\$'000's		
Capital Works					
New Works/Upgrade	29,814	36,597	(6,783)	(19%)	
Renewal/Refurbishment	35,403	37,375	(1,972)	(5%)	
Total Capital Expenditure	65,217	73,972	(8,755)	(12%)	1
Carried Forward Capital Works					
- Other	22,974	11,000	11,974	109%	
	22,974	11,000	11,974	109%	
Total Council Works Expenditure	88,191	84,972	3,219	4%	

CITY OF MELBOURNE
Standard Statement
 For the year ended 30 June 2011

Capital Works – comparison report

Ref.	Item	Commentary
1	<i>Capital Expenditure</i>	<p>City of Melbourne's capital works program in 2010-11 included \$4.67 million of unbudgeted works funded by additional contributions received from external parties. The value of capital works completed for 2010-11 is \$65.22 million. A carry forward of \$22.97 million into 2011-12 is required to complete the programs.</p> <p>Highlights for the year included the completion of the following projects:</p> <ul style="list-style-type: none"> • Water Conservation & Climate Adaption Projects (\$4.50 million); • Commencement of Swanston Street Redevelopment Stage one on site (\$3.90 million); • Tan Track upgrade and redevelopment (\$1.15 million); and • Princes Park refurbishment of the Gardiner Stand (\$0.82 million).

Melbourne City Council

Financial Report

For the year ended 30 June 2011

Prepared in accordance with the Local Government Act 1989, Local Government (Finance and Reporting) Regulations 2004, and applicable Australian Accounting Standards.

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MELBOURNE CITY COUNCIL
Comprehensive Income Statement
For the year ended 30 June 2011

	Consolidated		Note	Council	
	2011 \$'000	2010 \$'000		2011 \$'000	2010 \$'000
Revenues from ordinary operations					
Rates	192,804	180,670	3(a)	192,804	180,670
Grants and other contributions	27,683	28,629	3(d)	26,961	28,462
Parking Fees	42,124	41,231	3(b)	38,560	38,002
Fines	44,952	42,588		44,952	42,588
Property revenue	24,426	22,830		6,711	6,730
Other Fees & Charges	148,911	113,551		18,302	17,622
Intercompany Revenue	-	-		15,811	13,428
Finance Income	9,755	7,795	3(c)	8,782	7,008
Sales & Recoveries	17,811	15,438		8,536	6,499
	315,662	272,062		168,615	160,339
Total Revenue	508,466	452,732		361,419	341,009
Expenses from ordinary operations					
Employee benefit expense	176,072	153,890	4(a)	107,276	95,276
Contract Payments, Materials and Services	201,580	172,842	4(b),4(c)	141,071	136,055
Depreciation and amortisation	58,562	56,608	4(d)	48,407	46,625
Finance costs	14,098	13,579	4(e)	11,511	11,792
Other Expenses	21,048	20,802	4(f)	20,455	20,207
Total Expenses	471,360	417,721		328,720	309,955
Net gain/(loss) on disposal of property, plant & infrastructure	2,388	(153)	16	2,163	(321)
Contributed Assets	1,993	17,255		1,993	17,255
Transfer of assets to external parties	-	(74,496)	25	-	(74,496)
Profit/(loss)	41,487	(22,383)		36,855	(26,508)
Other Comprehensive Income					
Fair value adjustments for financial assets at fair value	336	388		336	389
Net asset revaluation increment(decrement)	157,573	178,889	15	157,573	176,152
Gain/(loss) on defined benefits plans	2,817	(904)		-	-
Total Other Comprehensive Income	160,726	178,373		157,909	176,541
Comprehensive Result	202,213	155,990		194,764	150,033

The comprehensive income statement should be read with the accompanying notes to the financial report.

MELBOURNE CITY COUNCIL
Balance Sheet
As at 30 June 2011

	Consolidated		Note	Council	
	2011 \$'000	2010 \$'000		2011 \$'000	2010 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	168,974	115,105	17(b)	151,586	102,901
Trade and other Receivables	53,296	38,259	5	25,171	21,464
Accrued Income	7,086	3,872		3,176	2,761
Inventories	407	478	6	-	-
Other Financial Assets	-	14,664	7,17(b)	-	14,664
Other Assets	1,153	893	8	6,263	4,646
Total Current Assets	230,916	173,271		186,196	146,436
Non-Current Assets					
Other Financial Assets	3,026	3,042	7	32,961	32,921
Intangible assets	24,491	14,256	10	6,777	4,405
Property, Plant and Infrastructure	2,958,790	2,791,768	9	2,898,022	2,725,319
Investment Property	97,434	96,896	11	97,434	96,896
Total Non-Current Assets	3,083,741	2,905,962		3,035,194	2,859,541
TOTAL ASSETS	3,314,657	3,079,233		3,221,390	3,005,977
LIABILITIES					
Current Liabilities					
Trade and Other Payables	75,486	47,029	12	49,768	29,141
Employee benefits	32,835	27,780	13(a)	22,852	19,434
Provisions	1,600	1,510	14	1,336	1,316
Total Current Liabilities	109,921	76,319		73,956	49,891
Non-Current Liabilities					
Trade and other Payables	4,282	6,322	12(a)	4,282	6,322
Employee benefits	4,654	5,735	13(b)	2,532	3,908
Interest Bearing Liabilities	7,000	1,000		-	-
Net Liability of City of Melbourne's Defined Benefits Superannuation Fund	7,887	11,157		-	-
Total Non-Current Liabilities	23,823	24,214		6,814	10,230
TOTAL LIABILITIES	133,744	100,533		80,770	60,121
NET ASSETS	3,180,913	2,978,700		3,140,620	2,945,856
Equity					
Accumulated Surplus	1,769,664	1,720,781		1,736,016	1,699,096
Reserves	1,411,249	1,257,919	15	1,404,604	1,246,760
TOTAL EQUITY	3,180,913	2,978,700		3,140,620	2,945,856

The balance sheet should be read with the accompanying notes to the financial report.

MELBOURNE CITY COUNCIL
Statement of Cash Flows
For the year ended 30 June 2011

	Consolidated		Note	Council	
	2011 \$'000	2010 \$'000		2011 \$'000	2010 \$'000
Cash Flows from Operating Activities					
Receipts					
Rates, Fees and Charges (inclusive of GST)	453,094	415,282		306,506	298,654
Grants and Other Contributions (inclusive of GST)	29,493	30,518		28,699	30,335
Interest	9,670	7,668		8,697	6,881
Dividends Received	85	127		4,253	4,665
Tax equivalents	-	-		5,837	3,129
Other (including Sales & Recoveries) (inclusive of GST)	14,842	20,039		14,669	18,029
Payments					
Employee benefit payments	(169,430)	(149,900)		(107,253)	(93,384)
Materials and Services (inclusive of GST)	(221,743)	(227,032)		(161,227)	(194,158)
Other (inclusive of GST)	(4,475)	(4,281)		(3,883)	(3,686)
Net Cash provided by Operating Activities	111,536	92,421	17(a)	96,298	70,465
Cash Flows from Investing Activities					
Proceeds from sale of property, infrastructure, plant and equipment	3,082	932		3,082	932
Purchase of investments	(7,862)	-	26	-	-
Payments for property, infrastructure, plant and equipment	(68,428)	(77,374)		(62,847)	(63,483)
Investment in Sustainable Melbourne Fund	-	-		(41)	(102)
Joint Venture Payments	-	(570)		-	(570)
Net Cash used by Investing Activities	(73,208)	(77,012)		(59,806)	(63,223)
Cash Flows from Financing Activities					
Proceeds/(Repayments) of borrowings	6,000	(6,500)		-	-
Finance costs	(5,123)	(4,885)		(2,471)	(2,989)
Net Cash used by Financing Activities	877	(11,385)		(2,471)	(2,989)
Net Increase/(decrease) in cash and cash equivalents	39,205	4,024		34,021	4,253
Cash and cash equivalents at beginning of the financial year	129,769	125,745		117,565	113,312
Cash and cash equivalents at end of the financial year	168,974	129,769	17(b)	151,586	117,565

The statement of cash flows should be read in conjunction with the accompanying notes to the financial report.

MELBOURNE CITY COUNCIL
Statement of Changes in Equity (Consolidated)
For the year ended 30 June 2011

	Note	Total Equity		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at beginning of the financial year		2,978,700	2,822,709	1,720,781	1,744,468	1,255,716	1,076,827	2,203	1,414
Surplus/(deficit) for the year		41,487	(22,383)	41,487	(22,383)	-	-	-	-
Actuarial gain/(expense) - City of Melbourne's Defined Benefits Superannuation Fund		2,817	(904)	2,817	(904)	-	-	-	-
Asset Revaluation Reserve for Public Open Space	15(i)	157,573	178,889	-	-	157,573	178,889	-	-
Trfs from Asset Revaluation Reserve to Acc Surplus	15(ii)	-	-	(1,126)	(400)	-	-	1,126	400
Investments Revaluation Reserve	15(i)	-	-	5,705	-	(5,705)	-	-	-
	15(iii)	336	389	-	-	-	-	336	389
Balance at the end of the financial year		3,180,913	2,978,700	1,769,664	1,720,781	1,407,584	1,255,716	3,665	2,203

The statement of changes in equity (Consolidated) should be read in conjunction with the accompanying notes to the financial report.

MELBOURNE CITY COUNCIL
Statement of Changes in Equity (Council)
For the year ended 30 June 2011

	Note	Total Equity		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at beginning of the financial year		2,945,856	2,795,823	1,699,096	1,726,004	1,244,557	1,068,405	2,203	1,414
Surplus/(deficit) for the year		36,855	(26,508)	36,855	(26,508)	-	-	-	-
Asset Revaluation Reserve for Public Open Space	15(ii)	157,573	176,152	-	-	157,573	176,152	-	-
Trfs from Asset Revaluation reserve to Acc Surplus	15(iii)	-	-	(1,126)	(400)	-	-	1,126	400
Investments Revaluation Reserve	15(ii)	-	-	1,191	-	(1,191)	-	-	-
	15(iv)	336	389	-	-	-	-	336	389
Balance at the end of the financial year		3,140,620	2,945,856	1,736,016	1,699,096	1,400,939	1,244,557	3,665	2,203

The statement of changes in equity (Council) should be read in conjunction with the accompanying notes to the financial report.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

The Melbourne City Council is a body corporate constituted pursuant to the *Local Government Act 1989* to provide for the peace, order and good government of its municipal district. The Financial Report has been drawn up in accordance with that Act and related Regulations.

The purpose of the Council is to:

- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively.

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 - Deloitte Touche Tohmatsu

Solicitors - Hunt & Hunt, Mallesons Stephen Jaques, Blake Dawson, Maddocks

Banker - Westpac

Website address - www.melbourne.vic.gov.au

Registered and principal place of business of Melbourne City Council is 90 Swanston Street Melbourne

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

International financial reporting standards

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). This Financial Report complies with the Australian equivalents to IFRS (A-IFRS).

Note 1. Significant accounting policies

The significant policies, which have been adopted in the preparation of this Financial Report, are:

(a) Basis of preparation

The Financial Report has been prepared on a going concern basis and historical cost basis, except where otherwise stated, and accrual accounting principles. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Where appropriate, comparative figures have been re-stated to accord with current presentation and disclosure made of material changes to comparatives.

(b) Principles of Consolidation

The consolidated results in the financial report include all funds through which the Melbourne City Council controls resources to carry on its functions. In the process of reporting on the Melbourne City Council as a consolidated unit, all intra and inter entity balances and transactions have been eliminated.

CityWide Service Solutions Pty Ltd, Queen Victoria Market Pty Ltd and Melbourne Wholesale Fish Market Pty Ltd are all wholly owned subsidiaries of the Council incorporated in Australia and are included in the consolidated financial report.

The Sustainable Melbourne Fund Trust is wholly controlled trust of the Council and is included in the consolidated financial report.

The Melbourne Wholesale Fish Market Pty Ltd ("MWF") board made a decision to cease operating the fish market from 30 June 2011 with the intention to wind up the Company following the successful completion of realisation of the Company's assets, settlement of liabilities and payment of Final Dividend to Shareholders. The company has executed a contract of sale of its' major asset being the fish market site to VicTrack on 30 June 2011. Given the current state of affairs, the accounts of the company have not been prepared on a going concern basis and have been prepared to reflect an orderly wind up of the business. Comparative information is reclassified where appropriate to ensure comparability with the current reporting year. All assets and liabilities are expected to be realised and settled as part of the winding up process with no losses anticipated and full settlement of all obligations. The Final Dividend to Shareholders will be declared and paid in conjunction with the winding up process. All assets and liabilities are classed as current in the financial statements at estimated realisable value.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 1. Significant accounting policies (continued)

(c) Business combinations (subsequent to 1 July 2010)

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Consolidated Entity, liabilities incurred by the Consolidated Entity to the former owners and the equity instruments issued by the Consolidated Entity in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Where the consideration transferred by the Consolidated Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

(d) Taxation

Melbourne City Council is exempt from the payment of income tax and capital gains tax. Payments for Fringe Benefits Tax and Goods and Services Tax (GST) are made in accordance with the relevant legislation. Payments for payroll tax are only made by the trading entities controlled by the Melbourne City Council.

The wholly owned subsidiaries are subject to the Melbourne City Council's tax equivalent policy. Where the subsidiary is exempt from certain taxes it pays an equivalent of the tax to Melbourne City Council.

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 Taxation 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.

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.

(e) Fees, Fines, Charges, Rates, Grants, and Other Contributions

Fees and charges are recognised as revenue when services are provided or the cash is received, whichever occurs first.

Fines are recognised as revenue when the penalty is imposed.

Rates, grants, and other contributions are recognised as revenues when Melbourne City Council obtains control over the related assets. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior written notification that a grant has been secured.

Where contributions recognised as revenues during the financial year were obtained on the condition that they be expended in a particular manner or used over a particular year, and those conditions were undischarged as at the reporting date, the nature of any amounts pertaining to those undischarged conditions are disclosed in Note 3(e). That note also discloses the amount of contributions recognised as revenues in previous financial years, which were expended in respect of Melbourne City Council's operations during the current financial year.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 1. Significant accounting policies (continued)

Tax equivalents and dividends from subsidiaries are recognised as income when received or amounts have been declared at the respective subsidiary companies board meeting.

Revenue arising from service contracts is recognised by reference to the stage of completion of the contract, unless the outcome of the contract cannot be reliably estimated. The stage of completion is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract. Administrative overheads are not included in the costs of the contract for this purpose. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

(f) Intangibles

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. Fair value is defined in note 1(k)(ii). The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised, but tested for impairment annually.

(ii) Software

Software, that is not an integral part of the related hardware, is classified as intangibles, recorded at cost and amortised on a straight line basis over a 5 year period.

	Goodwill	Software
Useful lives	Indefinite	Finite
Method used	Not depreciated or revalued	5 Years – straight line
Internally generated/ acquired	Acquired	Acquired
Impairment test/ recoverable amount test	Reviewed annually for indication of impairment	Amortised method reviewed at each financial year-end; Reviewed annually for indication of impairment

(g) Employee benefits

Wages, Salaries, Annual and Long Service Leave

Liabilities for employees' entitlements to wages and salaries, annual leave, and other employee benefits which are expected to be paid or settled within 12 months of balance date are accrued at nominal amounts calculated on the basis of 2010/11 wage and salary rates and payroll based on costs in accordance with AASB 119 'Employee Benefits'.

Liabilities for other Employee benefits which are not expected to be paid or settled within 12 months of balance date are accrued as per AASB 119 at the present values of future amounts expected to be paid based on 4% per annum projected weighted average increase in wage and salary rates and payroll based on costs over an average period of five years. Present values are calculated using the government guaranteed securities rates with similar maturity terms.

Superannuation

Council has an ongoing obligation to share in the future experience of the Melbourne City Council Superannuation defined benefits sub-plan. Favourable or unfavourable variations may arise should the experience of the Funds differ from the assumptions made by the Funds' actuary in estimating the Funds' accrued benefit liability.

An asset or liability is recognised in the consolidated financial statements as the Council's share of the scheme's assets or liabilities, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The asset also includes applicable contributions tax of 15%.

Superannuation expense for the reporting year is the amount of statutory contribution Melbourne City Council makes to superannuation funds, which provides benefits to employees.

Details of these arrangements are set out in Note 20.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 1. Significant accounting policies (continued)

(h) Depreciation

Depreciation measures the service potential of buildings, infrastructure assets, plant and equipment consumed during the year. Interest in trees, land and artworks are not depreciated as they are considered to have either unlimited useful lives or to be self generating assets. Depreciation is recognised on a straight-line basis over the useful lives of the assets to the economic entity. Depreciation rates are reviewed each financial year. The depreciation periods for the major classes of assets are shown below represent the maximum useful life.

	2010/11	2009/10
Buildings	50 Years	50 Years
Roads & laneways - Seal	20 Years	20 Years
Roads & laneways - Substructure	90 Years	90 Years
Heritage Assets	100 Years	100 Years
Promenades and Wharves	100 Years	100 Years
Footpaths	50 Years	50 Years
Kerb & channel	50 Years	50 Years
Bridges	94 Years	94 Years
Drains	185 Years	185 Years
Plant & equipment	20 Years	20 Years
Furniture & fittings	10 Years	10 Years
Irrigation systems	20 Years	20 Years
Parks & gardens infrastructure	50 Years	50 Years
Statues, sculptures & artworks	100 Years	100 Years
Other structures	50 Years	50 Years

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(i) Cash and Cash Equivalents

For purposes of the balance sheet, cash and cash equivalents includes short term deposits, bank bills, negotiable certificates of deposit and fixed interest securities which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of bank overdrafts. Short-term deposits are stated at cost. Fixed interest securities are valued at net fair value. Interest is recognised when earned.

(j) Receivables and Payables

Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Receivables are generally settled within 30 days.

Trade creditors and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Provision for Doubtful Debts

The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. No provision is made for rate debtors because the debts are collectable against the property.

(l) Property, Plant, Equipment & Infrastructure

(i) Capital and Recurrent Expenditure

As a general rule, material expenditure incurred in the purchase or development of assets is capital expenditure. Expenditure necessarily incurred in either maintaining the operational capacity of the non-current asset or ensuring that the original life estimate of the asset is achieved, is considered maintenance expenditure and is treated as an expense as incurred. Items of a capital nature with a total value of less than \$2,000 are treated as an expense.

(ii) Acquisition

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to their acquisition, including architectural and engineering fees and all other establishment costs.

The Council's policy is to capitalise and depreciate individual capital expenditure over \$2,000.

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.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 1. Significant accounting policies (continued)

(iii) **Construction Work in Progress**

The cost of property, plant, equipment & infrastructure constructed by Melbourne City Council includes the cost of materials and direct labour and an appropriate proportion of overheads.

(iv) **Leases**

Melbourne City Council does not currently use any finance lease arrangements. In respect of operating leases, where the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased property, the payments are charged to expense over the lease term.

(v) **Asset Revaluation**

All asset values not valued at cost were reviewed and where necessary valued as at 30 June 2011. The net increase in the Asset Revaluation Reserve in 2010/11 was \$157.573 million (\$176.152 million 2009/10) for the Council and an increase of \$157.573 million (\$178.889 million 2009/10) for the economic entity, (refer to note 15).

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, the increment is recognised as revenue.

Revaluation decrements are recognised immediately as expenses, except that, to the extent that an increment balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve. Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

(vi) **Heritage Assets**

The maximum life for depreciation of Heritage assets is 100 years.

(vii) **Valuation**

All land and buildings are valued at fair value, being market value assuming the highest and best use permitted by the relevant land use planning provisions or existing public use whichever is the greater. Freehold land reserved for public open space is valued at a discount, being 20% of market value, based on legal precedents.

All improvements on Crown Land are valued on the basis of fair value, being either market value or written down replacement cost for special purpose buildings.

Infrastructure assets are valued at fair value, being replacement cost less accumulated depreciation.

(viii) **Impairment**

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 assets carrying value. Any shortfall of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement.

(m) **Non-Cash Donations**

Non-cash donations in excess of \$2,000 value are recognised as revenue.

(n) **Rounding**

Unless otherwise stated, amounts in the Financial Report are rounded to the nearest thousand dollars.

(o) **Web site costs**

Costs in relation to web sites controlled by the Melbourne City Council are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 1. Significant accounting policies (continued)

(p) Allocation between current & non-current

With the exception of employee entitlements, the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Council's operational cycle.

For employee entitlements, long service leave entitlements for employees with over 7 years service and all annual leave entitlements is classified as current. Long service leave entitlements for employees with less than 7 years service is classified as non current. Long service leave expected to be taken in the next twelve months is recorded at nominal value and long service leave not expected to be taken over the next twelve months is recorded at present value.

(q) Investment property

Investment property is held to generate long-term rental yields. All tenant leases are entered into at an arms length basis.

Investment property is carried at fair value, being market value assuming the highest and best use permitted by the relevant land use planning provisions or existing public use whichever is the greater. Any changes to fair value are recorded in the comprehensive income statement. Investment properties are not depreciated.

(r) 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.

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning or ending on</i>	<i>Impact on Local Government financial statements</i>
AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1039 and Interpretations 10 & 12]	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements.	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.
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 makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 1. Significant accounting policies (continued)

(s) Critical accounting judgements and key sources of estimation uncertainty

In application of the Council's accounting policies, Council is required to make judgements, estimates and assumptions about carrying values of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

(t) Functional Currency

The presentation currency of Melbourne City Council is the Australian dollar. The functional currency of each subsidiary throughout the Council and the Consolidated Financial Statements is also the Australian dollar.

Note 2. Operating result attributable to Functions/activities (consolidated)

(a) Revenues, Expenses have been attributed to the following functions.

Functions/Activities		REVENUES	EXPENSES	Net Surplus
		\$'000	\$'000	for the year \$'000
City Planning & Infrastructure	2009/10	100,233	(122,158)	(21,925)
	2010/11	93,043	(130,056)	(37,013)
Community Development	2009/10	19,451	(54,603)	(35,152)
	2010/11	18,232	(56,463)	(38,231)
City Design	2009/10	13,200	(31,175)	(17,975)
	2010/11	12,379	(31,793)	(19,414)
City Business	2009/10	6,916	(40,382)	(33,466)
	2010/11	7,961	(44,855)	(36,894)
Chief Executive	2009/10	509	(7,463)	(6,954)
	2010/11	68	(7,892)	(7,824)
Corporate Business	2009/10	218,897	(129,924)	88,973
	2010/11	234,809	(58,579)	176,230
Subsidiaries	2009/10	111,451	(107,335)	4,116
	2010/11	147,048	(142,415)	4,633
TOTAL	2009/10	470,657	(493,040)	(22,383)
	2010/11	513,540	(472,053)	41,487

Note 2. Operating result attributable to Functions/activities (consolidated) (continued)

(b) A brief description of the goal of each function is as follows:

City Planning & Infrastructure

City Planning & Infrastructure Division advises the Council on city planning for the sustainable development of Melbourne through research, policy development, program and infrastructure delivery and planning.

Community Development

The Community Development division provides a range of services, specific programs and recreation services for residents and visitors, contributing to building strong local communities that are inclusive and supportive. This, with the delivery of cultural programs and the management of the City's cultural infrastructure, enhances the City of Melbourne's reputation as a safe, attractive, liveable and accessible city. The Division is also responsible for providing a direct customer liaison, information and advocacy service and driving the organisation's approach to the delivery of high quality customer service.

City Design

The City Design Division is responsible on behalf of the Council for providing urban design policy, advice, design, project management and management of parks and reserves.

City Business

To provide leadership in events management, communications and marketing, promoting tourism within the city and providing guidance to business and international interaction.

Chief Executive

To ensure a well-managed and leading organisation through the delivery of effective and accountable governance and business processes.

Corporate Business

To provide a range of quality support functions to the Council. This assists the Council in providing the highest standard of services to the city.

Subsidiaries include the following entities:

CityWide Service Solutions Pty Ltd and its controlled entity Sterling Group Services Pty Ltd

To meet the contract service needs of local government, other governments, and private and public sector corporations by providing a comprehensive range of quality, physical services at competitive rates.

Queen Victoria Market Pty Ltd

To ensure that the Market maintains and enhances an industry reputation as Australia's foremost traditional market, whilst meeting world's best practice standards.

Melbourne Wholesale Fish Market Pty Ltd

It should be noted that Melbourne Wholesale Fish Market Pty Ltd ceased operating the market on 30 June 2011. Refer to Note 1b for further details.

Sustainable Melbourne Fund Trust

The Sustainable Melbourne Fund (SMF) is a self sustaining fund set up by Melbourne City Council which invests funds in projects with environmental benefits to the City. The projects may extend beyond the boundaries of Melbourne City Council to the broader state of Victoria, reflecting the position of Melbourne as the capital city of Victoria.

These entities support Melbourne City Council in providing services to the community.

Significant Interests:

The Melbourne City Council has a majority ownership of the MAPS Group Ltd through its holdings, however due to the structure of the company the Melbourne City Council do not have a majority of voting rights.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 3. Revenues

(a) Rates

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
General Rates				
Residential	55,602	52,216	55,602	52,216
Commercial and Retail	131,994	125,209	131,994	125,209
Cultural & Recreational Land Rates	364	357	364	357
Supplementary Rates	5,348	3,814	5,348	3,814
Objections/Exemptions	(504)	(926)	(504)	(926)
	192,804	180,670	192,804	180,670

Melbourne City Council uses 'net annual value' as the basis of valuation of all properties within the municipal district. The net annual value of a property approximates the annual net rental for a commercial property and five per cent of the capital improved value for a residential property.

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

(b) Parking Fees

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
On street parking	31,977	30,186	31,966	30,175
Off street parking	8,406	7,955	4,853	4,737
Sporting/entertainment venues	2	1,605	2	1,605
Tow away fees	1,739	1,485	1,739	1,485
	42,124	41,231	38,560	38,002

(c) Finance income

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Interest received from Investments	8,732	6,906	7,879	6,301
Interest due from Overdue Rates	783	539	783	539
Interest received from loan to CityWide Service Solutions	-	-	-	1
Other	240	350	120	167
	9,755	7,795	8,782	7,008

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 3. Revenues

(d) Grants and other contributions were received in respect of the following:

	Consolidated		Council	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
State Grants				
Roads Corporation	114	108	114	108
Appropriation - Vic Grants Comm	1,863	1,697	1,863	1,697
Tobacco Act Reform Grants	35	33	35	33
School Crossing Supervisor	74	49	74	49
Pre School Services	214	206	214	206
Support Services for Families	179	162	179	162
Maternal & Child Health	373	403	373	403
Immunisation	52	47	52	47
Home & Community Serv Grant	2,203	1,969	2,203	1,969
Senior Citizens Week	3	-	3	-
Arts Grant	10	340	10	340
Flexible Respite Options Program	35	33	35	33
Drugs Program Grant	33	32	33	32
Disability Services Grant	104	101	104	101
Butt Littering Trust	-	-	-	-
Parking Levy Operating Grant	150	1,346	150	1,346
Other	3,326	1,892	2,604	1,725
	8,768	8,418	8,046	8,251
	Consolidated		Council	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Federal Grants				
Federal Grant - Aged & Disability	170	150	170	150
Special Needs Subsidy Scheme	50	68	50	68
Federal Grant - Immunisation Register	24	25	24	25
Federal Grant- Other	120	1,108	120	1,108
	364	1,351	364	1,351
Capital Grants				
Capital Grants	8,498	9,852	8,498	9,852
Parking Levy Capital Grant	4,850	3,654	4,850	3,654
Public Open Space Contributions	2,213	2,001	2,213	2,001
	15,561	15,507	15,561	15,507
Total Other				
Other Contributions	412	614	412	614
Child Care Benefit	1,110	1,138	1,110	1,138
Sponsorships	1,468	1,601	1,468	1,601
	2,990	3,353	2,990	3,353
Total Grants & Other Contributions	27,683	28,629	26,961	28,462

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 3. Revenues

(e) Conditions over contributions

Grants recognised as revenues during the financial year and which were obtained on the condition that they be expended in a specific manner that had not occurred at balance date were:

Grants for capital works
 Grants for other purposes

Deduct

(i) Grants which were recognised as revenues in a prior year and which were expended during the current year in the manner specified by the grantor were:

Grants for capital works
 Grants for other purposes

Net increase/(decrease) in restricted assets resulting from grant revenues for the financial year

	Consolidated		Council	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Grants for capital works	4,214	158	4,214	158
Grants for other purposes	1,872	1,729	1,872	1,729
	6,086	1,887	6,086	1,887
Deduct				
(i) Grants which were recognised as revenues in a prior year and which were expended during the current year in the manner specified by the grantor were:				
Grants for capital works	158	570	158	570
Grants for other purposes	1,729	419	1,729	419
	1,887	989	1,887	989
Net increase/(decrease) in restricted assets resulting from grant revenues for the financial year	4,199	898	4,199	898

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 4. Expenses

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Employee benefit expense				
Wages and Salaries	142,771	125,582	86,204	77,502
Annual Leave and Long Service Leave	17,336	14,266	11,918	9,706
Fringe Benefits	1,552	1,448	504	517
WorkCover	2,187	1,825	886	580
Superannuation	12,226	10,769	7,764	6,971
	176,072	153,890	107,276	95,276
(b) Contract Payments, Materials and Services				
Contract Payments	112,609	91,536	101,851	96,500
Other Materials and Services	88,282	80,622	38,810	39,171
	200,891	172,158	140,661	135,671
(c) Auditors' Remuneration				
Audit Services - VAGO	216	205	109	108
Audit Services - Other Audits	46	25	45	25
Audit Services - Internal	427	454	256	251
	689	684	410	384
(d) Depreciation and amortisation				
Buildings	4,476	4,112	4,260	3,868
Buildings - Leasehold Improvements	234	349	133	133
Heritage Assets	947	812	947	812
Wharves and Promenades	1,034	1,346	1,034	1,346
Plant and equipment	14,165	13,793	4,438	4,392
Statues, Sculptures, and Artwork	549	513	549	513
Roads & Laneways	6,073	5,294	6,073	5,519
Roads & Laneways - Seal	2,989	3,521	2,989	3,296
Footpaths	12,169	12,069	12,169	12,069
Kerb & Channel	4,718	4,300	4,718	4,300
Bridges	1,253	1,220	1,253	1,220
Drains	907	699	907	699
Irrigation Systems	1,346	1,463	1,346	1,463
Parks and Gardens infrastructure	4,457	4,384	4,457	4,384
Other Structures	231	221	231	221
Furniture and fittings	631	634	520	512
	56,179	54,730	46,024	44,747
Amortisation of intangibles	2,383	1,878	2,383	1,878
	58,562	56,608	48,407	46,625
(e) Finance Costs				
Insurance	3,067	3,328	1,750	2,216
Bad and Doubtful debts	225	51	30	(17)
Provision for Doubtful PINS	7,650	7,386	7,651	7,386
Other Financial Costs	3,156	2,814	2,080	2,207
	14,098	13,579	11,511	11,792
(f) Other Expenses				
Grants and Contributions	16,572	16,521	16,572	16,521
Fire Brigade levy	3,616	3,443	3,616	3,443
Taxes and Levies	860	838	267	243
	21,048	20,802	20,455	20,207

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 5. Trade and other receivables

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current				
Rates	2,239	2,008	2,239	2,008
Parking Infringement Debtors	27,870	27,394	27,870	27,394
Provision for Debts - Parking Infringement	(15,557)	(15,593)	(15,557)	(15,593)
Other Debtors	35,933	21,323	6,396	4,234
Provision for Doubtful Debts - Other Debtors	(924)	(704)	(448)	(418)
GST Receivable	3,735	3,831	4,671	3,839
	53,296	38,259	25,171	21,464

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Other Debtors				
Ageing of past due but not impaired				
60-90 days	215	155	124	40
90-120 days	147	226	57	151
120+ days	747	373	429	328
Total	1,109	754	610	519

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Provision for doubtful debts				
Provision for Doubtful Debts - Parking Infringement	15,557	15,593	15,557	15,593
Provision for Doubtful Debts - Other Debtors	924	704	448	418
Total	16,481	16,297	16,005	16,011

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Movement in doubtful debts - Parking Infringement				
Balance at the beginning of the year	15,593	13,336	15,593	13,336
New provisions recognised	7,651	7,386	7,651	7,386
Amounts written off as uncollectible	(7,687)	(5,129)	(7,687)	(5,129)
Balance at the end of the year	15,557	15,593	15,557	15,593

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Movement in doubtful debts - Other Debtors				
Balance at the beginning of the year	704	842	418	441
New provisions recognised	336	84	64	71
Amounts written off as uncollectible	(116)	(179)	(34)	(94)
Amounts recovered during the year	-	(43)	-	-
Balance at the end of the year	924	704	448	418

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 6. Inventories

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Stores and Raw Materials	412	483	-	-
Provision for Obsolete Stock	(5)	(5)	-	-
	407	478	-	-

Note 7. Other financial assets

CURRENT

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Other Financial Assets				
BT Institutional Enhanced Fixed Interest Fund	-	14,664	-	14,664
	-	14,664	-	14,664

NON-CURRENT

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Interests in Controlled Entities:				
CityWide Service Solutions Pty Ltd	-	-	18,406	18,406
Queen Victoria Market Pty Ltd	-	-	200	200
Melbourne Wholesale Fish Market Pty Ltd	-	-	5,000	5,000
Investment in Sustainable Melbourne Fund	-	-	6,329	6,273
	-	-	29,935	29,879
Interests in Non- Controlled Entities:				
Baycorp Advantage Limited	-	16	-	16
Regent Management Company Pty Ltd	2,776	2,776	2,776	2,776
MAPS Group Ltd	250	250	250	250
	3,026	3,042	3,026	3,042
	3,026	3,042	32,961	32,921

Note 8. Other Assets

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Prepayments	1,153	893	241	50
Tax equivalents & Dividends	-	-	6,022	4,596
	1,153	893	6,263	4,646

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 9. Property, plant, equipment and infrastructure

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Land - Freehold				
At Council's valuation (i)	168,833	153,462	168,833	153,462
At Independent valuation	-	7,750	-	-
At cost	16,105	16,105	-	-
	184,938	177,317	168,833	153,462
Land - Other Controlled				
At Council's valuation (i)	1,308,530	1,181,150	1,308,530	1,181,150
Land - Under Roads				
At Council's deemed cost (i)	11,380	10,770	11,380	10,770
Buildings on Freehold Land				
At Council's valuation (i)	70,350	65,495	66,470	65,495
At cost	578	4,455	-	-
Accumulated depreciation	(1,425)	(1,209)	-	-
	69,503	68,741	66,470	65,495
Buildings on Other Controlled Land				
At Council's valuation (i)	37,958	33,756	37,958	33,756
Buildings - Leasehold Improvements				
At cost	4,552	4,436	2,269	2,269
Accumulated depreciation	(2,329)	(2,095)	(567)	(434)
	2,223	2,341	1,702	1,835
Heritage Buildings				
At Council's valuation (i)	88,956	91,026	88,956	91,026
Promenades and Wharves				
At Council's valuation (ii)	63,561	64,576	63,561	64,576
Plant and Equipment				
At cost	135,420	120,364	43,850	40,108
Accumulated depreciation	(74,372)	(61,730)	(23,542)	(19,533)
	61,048	58,634	20,308	20,575
Furniture and Fittings				
At cost	6,007	5,823	4,986	4,888
Accumulated depreciation	(3,302)	(2,643)	(2,568)	(2,048)
	2,705	3,180	2,418	2,840
Statues, Sculptures and Artworks				
At cost	51,060	49,561	51,060	49,561
Accumulated depreciation	(4,294)	(3,744)	(4,294)	(3,744)
	46,766	45,817	46,766	45,817
Roads & Laneways				
At Council's valuation (ii)	436,907	440,205	436,907	440,205
Roads & Laneways - Seal				
At Council's valuation (ii)	30,182	26,266	30,182	26,266
Footpaths				
At Council's valuation (ii)	131,897	121,722	131,897	121,722
Kerb & Channel				
At Council's valuation (ii)	114,808	111,318	114,808	111,318

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 9. Property, plant, equipment and infrastructure (cont):**

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Bridges				
At Council's valuation (ii)	84,805	86,015	84,805	86,015
Drains				
At Council's valuation (ii)	80,531	75,491	80,531	75,491
Irrigation				
At Council's valuation (iii)	18,801	17,074	18,801	17,074
Accumulated depreciation	(1,346)	-	(1,346)	-
	17,455	17,074	17,455	17,074
Parks and Gardens Infrastructure				
At Council's valuation (iv)	66,490	62,734	66,490	62,734
Trees				
At Council's valuation (v)	34,133	33,566	34,133	33,566
Other Structures				
At cost	3,946	3,660	3,946	3,660
Accumulated depreciation-cost	(1,367)	(1,136)	(1,367)	(1,136)
	2,579	2,524	2,579	2,524
Works in Progress				
At cost	81,435	77,545	81,353	77,102
Total Property, Plant, Equipment and Infrastructure	2,958,790	2,791,768	2,898,022	2,725,319

The basis of valuation is included under note 1(k) in the financial report and have been conducted as follows:

- (i) Valuations of Council Land and Buildings were determined by David Slicer, Senior Valuer, Property Services Branch, Melbourne City Council.
- (ii) Valuations of Infrastructure Assets (Roads & Laneways, Footpaths, Kerb & Channel, Bridges and Drains) were determined by Michael Norton (Principal Engineer - Infrastructure, Engineering Services Branch), Melbourne City Council.
- (iii) Valuation of Irrigation Assets were determined by Eugene Stackpole (Asset Management Officer) Parks Services Branch, Melbourne City Council.
- (iv) Valuation of Parks and Gardens Infrastructure were determined by Eugene Stackpole (Asset Management Officer, Parks Services Branch), David Slicer (Senior Valuer, Property Services Branch), Melbourne City Council.
- (v) Valuations of Trees were determined by Ian Shears - Senior Tree Planner of Parks Services Branch, Melbourne City Council.

All the above valuations were completed as at 30 June 2011 for Council. Valuations for 30 June 2011 are at fair value. Unless otherwise stated the carrying value of each class of asset measured at fair value at balance date materially reflects their fair value at that date.

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 9. Property, plant, equipment and infrastructure (continued)**

(a) Consolidated 30 June 2011 Asset Classes	Carrying amount at 30 June 2010 \$'000	Revaluations \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Carrying amount at 30 June 2011 \$'000
Land - Freehold	177,317	15,371	-	(7,750)	-	184,938
Land - Other Controlled	1,181,149	124,791	2,590	-	-	1,308,530
Buildings on Freehold Land	68,742	(782)	4,183	-	(2,640)	69,503
Buildings on Other Controlled Land	33,756	(393)	6,430	-	(1,835)	37,958
Buildings - Leasehold Improvements	2,341	-	117	-	(235)	2,223
Heritage Assets	91,026	(5,602)	4,479	-	(947)	88,956
Promenades and Wharves	64,574	20	-	-	(1,033)	63,561
Plant and Equipment	58,642	-	17,656	(1,083)	(14,167)	61,048
Furniture and Fittings	3,174	-	164	-	(633)	2,705
Statues, Sculptures and Artworks	45,818	-	1,497	-	(549)	46,766
Roads & Laneways - Substructure	440,203	2,776	165	(165)	(6,072)	436,907
Roads & Laneways - Seal	26,267	(797)	7,704	(3)	(2,989)	30,182
Land Under Roads	10,770	-	610	-	-	11,380
Footpaths	121,724	12,891	9,456	(5)	(12,169)	131,897
Kerb & Channel	111,319	5,702	2,536	(32)	(4,717)	114,808
Bridges	86,015	42	-	-	(1,252)	84,805
Drains	75,489	4,145	1,803	-	(906)	80,531
Irrigation	17,071	-	1,730	-	(1,346)	17,455
Parks and Gardens Infrastructure	62,735	172	8,040	-	(4,457)	66,490
Trees	33,566	(763)	1,330	-	-	34,133
Other Structures	2,525	-	286	-	(232)	2,579
Works in Progress*	77,545	-	3,890	-	-	81,435
	2,791,768	157,573	74,666	(9,038)	(56,179)	2,958,790

(a) Consolidated 30 June 2010 Asset Classes	Carrying amount at 30 June 2009 \$'000	Revaluations \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Carrying amount at 30 June 2010 \$'000
Land - Freehold	151,325	25,838	154	-	-	177,317
Land - Other Controlled	1,164,840	80,894	4,035	(68,620)	-	1,181,149
Buildings on Freehold Land	69,032	(457)	2,690	-	(2,523)	68,742
Buildings on Other Controlled Land	31,450	1,998	2,233	(336)	(1,589)	33,756
Buildings - Leasehold Improvements	2,624	-	66	-	(349)	2,341
Heritage Assets	81,136	10,702	-	-	(812)	91,026
Promenades and Wharves	75,356	54	(9,731)	-	(1,103)	64,576
Plant and Equipment	55,328	-	18,476	(1,372)	(13,793)	58,639
Furniture and Fittings	3,481	-	327	-	(634)	3,174
Statues, Sculptures and Artworks	46,331	-	-	-	(513)	45,818
Roads & Laneways - Substructure	408,412	32,191	5,144	(23)	(5,519)	440,203
Roads & Laneways - Seal	24,716	(1,302)	6,149	-	(3,296)	26,267
Land Under Roads	6,590	-	4,180	-	-	10,770
Footpaths	108,905	4,588	20,541	-	(12,312)	121,724
Kerb & Channel	106,110	5,912	3,596	-	(4,300)	111,319
Bridges	81,297	3,419	2,521	-	(1,220)	86,017
Drains	69,976	4,007	2,205	-	(699)	75,489
Irrigation	16,919	1,949	1,328	(1,662)	(1,463)	17,071
Parks and Gardens Infrastructure	55,791	9,060	6,049	(3,781)	(4,384)	62,735
Trees	33,184	36	801	(455)	-	33,566
Other Structures	2,746	-	-	-	(221)	2,525
Works in Progress*	63,705	-	13,840	-	-	77,545
	2,659,254	178,889	84,604	(76,249)	(54,730)	2,791,768

* Works in progress addition figure is a net amount consisting of \$65.40 million additional works in progress and \$61.51 million of assets capitalised during the financial year 2010/11.

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 9. Property, plant, equipment and infrastructure (continued)**

(b) Council 30 June 2011 Asset Classes	Carrying amount at 30 June 2010 \$'000	Revaluations \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Carrying amount at 30 June 2011 \$'000
Land - Freehold	153,462	15,371	-	-	-	168,833
Land - Other Controlled	1,181,149	124,791	2,590	-	-	1,308,530
Buildings on Freehold Land	65,496	(782)	4,180	-	(2,424)	66,470
Buildings on Other Controlled Land	33,756	(393)	6,430	-	(1,835)	37,958
Buildings - Leasehold Improvements	1,835	-	-	-	(133)	1,702
Heritage Assets	91,026	(5,602)	4,479	-	(947)	88,956
Promenades and Wharves	64,575	20	-	-	(1,034)	63,561
Plant and Equipment	20,580	-	4,883	(714)	(4,441)	20,308
Furniture and Fittings	2,832	-	106	-	(520)	2,418
Statues, Sculptures and Artworks	45,818	-	1,497	-	(549)	46,766
Roads & Laneways - Substructure	440,203	2,776	165	(165)	(6,072)	436,907
Roads & Laneways - Seal	26,270	(797)	7,701	(3)	(2,989)	30,182
Land Under Roads	10,770	-	610	-	-	11,380
Footpaths	121,724	12,891	9,456	(5)	(12,169)	131,897
Kerb & Channel	111,319	5,702	2,536	(32)	(4,717)	114,808
Bridges	86,016	42	-	-	(1,253)	84,805
Drains	75,489	4,145	1,803	-	(906)	80,531
Irrigation	17,071	-	1,730	-	(1,346)	17,455
Parks and Gardens Infrastructure	62,733	172	8,042	-	(4,457)	66,490
Trees	33,566	(763)	1,330	-	-	34,133
Other Structures	2,525	-	286	-	(232)	2,579
Works in Progress*	77,104	-	4,249	-	-	81,353
	2,725,319	157,573	62,073	(919)	(46,024)	2,898,022

(b) Council 30 June 2010 Asset Classes	Carrying amount at 30 June 2009 \$'000	Revaluations \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Carrying amount at 30 June 2010 \$'000
Land - Freehold	131,379	21,928	154	-	-	153,461
Land - Other Controlled	1,164,840	80,894	4,035	(68,620)	-	1,181,149
Buildings on Freehold Land	65,783	(457)	2,449	-	(2,279)	65,496
Buildings on Other Controlled Land	31,450	1,998	2,233	(336)	(1,589)	33,756
Buildings - Leasehold Improvements	1,971	-	-	-	(133)	1,838
Heritage Assets	81,136	10,702	-	-	(812)	91,026
Promenades and Wharves	75,357	54	(9,731)	-	(1,103)	64,577
Plant and Equipment	19,355	-	6,489	(872)	(4,392)	20,580
Furniture and Fittings	3,056	-	288	-	(512)	2,832
Statues, Sculptures and Artworks	46,331	-	-	-	(513)	45,818
Roads & Laneways - Substructure	408,410	32,191	5,144	(23)	(5,519)	440,203
Roads & Laneways - Seal	24,719	(1,302)	6,149	-	(3,296)	26,270
Land Under Roads	6,590	-	4,180	-	-	10,770
Footpaths	108,907	4,588	20,541	-	(12,312)	121,724
Kerb & Channel	106,111	5,912	3,596	-	(4,300)	111,319
Bridges	81,296	3,419	2,521	-	(1,220)	86,016
Drains	69,976	4,007	2,205	-	(699)	75,489
Irrigation	16,918	1,949	1,328	(1,662)	(1,463)	17,070
Parks and Gardens Infrastructure	55,789	10,233	4,876	(3,781)	(4,384)	62,733
Trees	33,184	36	801	(455)	-	33,566
Other Structures	2,746	-	-	-	(221)	2,525
Works in Progress*	63,637	-	13,464	-	-	77,101
	2,598,941	176,152	70,722	(75,749)	(44,747)	2,725,319

* Works in progress addition figure is a net amount consisting of \$65.30 million additional works in progress and \$61.05 million of assets capitalised during the financial year 2010/11.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 10. Intangible assets

(a) Consolidated Asset Classes	Carrying amount at	Additions	Disposals	Amortisation	Carrying amount at	Additions	Disposals	Amortisation	Carrying amount at
	30 June 2009				30 June 2010				30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill									
Net Book value	9,851	-	-	-	9,851	7,863	-	-	17,714
Licence Agreement	-	-	-	-	-	-	-	-	-
Computer Software									
Cost	14,226	2,636	-	-	16,862	4,755	-	-	21,617
Accumulated amortisation	(10,579)	-	-	(1,878)	(12,457)	-	-	(2,383)	(14,840)
Net Book value	3,647	2,636	-	(1,878)	4,405	4,755	-	(2,383)	6,777
	13,498	2,636	-	(1,878)	14,256	12,618	-	(2,383)	24,491

(b) Council Asset Classes	Carrying amount at	Additions	Disposals	Amortisation	Carrying amount at	Additions	Disposals	Amortisation	Carrying amount at
	30 June 2009				30 June 2010				30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Licence Agreement	-	-	-	-	-	-	-	-	-
Computer Software									
Cost	14,226	2,636	-	-	16,862	4,755	-	-	21,617
Accumulated amortisation	(10,579)	-	-	(1,878)	(12,457)	-	-	(2,383)	(14,840)
Net Book value	3,647	2,636	-	(1,878)	4,405	4,755	-	(2,383)	6,777
	3,647	2,636	-	(1,878)	4,405	4,755	-	(2,383)	6,777

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 11. Investment property

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Amounts recognised in Income Statement for Investment Properties				
Property Rental	9,686	9,313	9,686	9,313
Operating Expenses for rental generating properties	980	2,307	980	2,307
Operating Expenses for non rental generating properties	6,623	6,493	6,623	6,493
(b) Reconciliation of carrying amounts				
Land				
Carrying amount at beginning	32,101	32,255	32,101	32,255
Net gain/(loss) from fair value adjustment	-	-	-	-
Additions	-	(154)	-	(154)
Disposals	-	-	-	-
Carrying amount at end of period	32,101	32,101	32,101	32,101
Buildings				
Carrying amount at beginning	64,795	57,191	64,795	57,191
Net gain/(loss) from fair value adjustment	-	-	-	-
Additions	538	7,604	538	7,604
Disposals	-	-	-	-
Carrying amount at end of period	65,333	64,795	65,333	64,795
Total Investment Properties	97,434	96,896	97,434	96,896

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 12. Trade and other payables

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current				
Trade Creditors General	20,642	7,818	13,185	917
Docklands Payable	2,500	1,500	2,500	1,500
Deposits and retention amounts	3,765	3,688	1,833	1,969
Accruals	45,835	30,929	32,057	23,966
Income in Advance	2,744	3,094	193	789
	75,486	47,029	49,768	29,141

Note 12(a) Trade and other payables (Non-Current)

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-Current				
Docklands Payable	4,282	6,322	4,282	6,322
	4,282	6,322	4,282	6,322

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 13. Employee benefits

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Current				
Long Service Leave	18,803	14,986	14,261	11,338
Annual Leave	13,865	12,626	8,591	8,096
Other	167	168	-	-
	32,835	27,780	22,852	19,434
(b) Non-Current				
Long Service Leave	4,654	5,735	2,532	3,908
	4,654	5,735	2,532	3,908
Total Employee Benefits	37,489	33,515	25,384	23,342
(c) Reconciliation of movements				
Annual Leave				
Balance at the beginning of the financial year	12,626	11,727	8,096	7,551
Additional provisions	8,809	7,485	8,065	7,131
Amounts used	(7,570)	(6,584)	(7,570)	(6,584)
Increase in the discounted amount because of time and the effect of any change in the discount rate	-	(2)	-	(2)
Balance at the end of the financial year	13,865	12,626	8,591	8,096
Long Service Leave				
Balance at the beginning of the financial year	20,721	18,961	15,246	14,220
Additional provisions	4,886	2,301	3,697	1,567
Amounts used	(2,118)	(1,360)	(2,118)	(1,360)
Increase(Decrease) in the discounted amount because of time and the effect of any change in the discount rate	(32)	819	(32)	819
Balance at the end of the financial year	23,457	20,721	16,793	15,246
Other				
Balance at the beginning of the financial year	168	-	-	-
Additional provisions	-	168	-	-
Amounts used	(1)	-	-	-
Balance at the end of the financial year	167	168	-	-
(e) Current Employee Benefits Disclosure				
Employee Benefits entitlements				
- that fall due within 12 months after the end of the period measured at nominal value	15,019	13,610	9,578	8,938
- that do not fall due within 12 months after the end of the period measured at present value	17,816	14,170	13,274	10,496
	32,835	27,780	22,852	19,434

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 14. Provisions

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Current				
Insurance claims	706	551	706	551
Other	894	959	630	765
	1,600	1,510	1,336	1,316
(b) Reconciliation of movements				
Insurance Claims				
Balance at the beginning of the financial year	551	167	551	167
Additional provisions	266	496	266	496
Amounts used	(111)	(112)	(111)	(112)
Balance at the end of the financial year	706	551	706	551
Other				
Balance at the beginning of the financial year	959	455	765	300
Additional provisions	17	504	-	465
Amounts used	(82)	-	(135)	-
Balance at the end of the financial year	894	959	630	765

Note 15. Reserves

Composition	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Asset Revaluation (i)	1,407,584	1,255,716	1,400,939	1,244,557
Reserve for Public Open Space (ii)	3,665	2,539	3,665	2,539
Investments Revaluation Reserve (iii)	-	(336)	-	(336)
	1,411,249	1,257,919	1,404,604	1,246,760

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 15. Reserves (continued)

(i) Movement in Reserves -Asset Revaluation Reserve

Consolidated	Carrying amount at 2009 \$'000	Increment (decrement) \$'000	Carrying amount at 2010 \$'000	Increment (decrement) \$'000	Transfer to Accum Surplus	Carrying amount at 2011 \$'000
Property						
Land	702,678	102,822	805,500	140,162	(4,514)	941,148
Buildings	34,138	12,243	46,381	(6,777)	-	39,604
Infrastructure						
Roads & Laneways	114,064	30,890	144,954	1,979	-	146,933
Footpaths	56,855	4,586	61,441	12,891	-	74,332
Kerb & Channel	83,936	5,912	89,848	5,702	-	95,550
Bridges	18,861	3,419	22,280	42	-	22,322
Drains	3,261	4,007	7,268	4,145	-	11,413
Promenades and Wharves	2,733	54	2,787	20	-	2,807
Parks and Gardens Infrastructure	34,291	10,233	44,524	172	-	44,696
Trees	10,481	36	10,517	(763)	-	9,754
Other structures	206	-	206	-	-	206
P&G Irrigation	4,819	1,950	6,769	-	-	6,769
Plant & Equipment	547	-	547	-	(547)	-
Computer Equipment	635	-	635	-	(635)	-
Furniture & Fittings	9	-	9	-	(9)	-
Artworks	5,404	-	5,404	-	-	5,404
Asset Revaln Res - CW Services	3,909	2,737	6,646	-	-	6,646
	1,076,827	178,889	1,255,716	157,573	(5,705)	1,407,584

(ii) Movement in Reserves -Asset Revaluation Reserve

Council	Carrying amount at 2009 \$'000	Increment (decrement) \$'000	Carrying amount at 2010 \$'000	Increment (decrement) \$'000	Transfer to Accum Surplus	Carrying amount at 2011 \$'000
Property						
Land	698,164	102,822	800,986	140,162	-	941,148
Buildings	34,136	12,245	46,381	(6,777)	-	39,604
Infrastructure						
Roads & Laneways	114,067	30,887	144,954	1,979	-	146,933
Footpaths	56,855	4,586	61,441	12,891	-	74,332
Kerb & Channel	83,936	5,912	89,848	5,702	-	95,550
Bridges	18,860	3,421	22,281	42	-	22,323
Drains	3,260	4,007	7,267	4,145	-	11,412
Promenades and Wharves	2,734	53	2,787	20	-	2,807
Parks and Gardens Infrastructure	34,291	10,234	44,525	172	-	44,697
Trees	10,482	35	10,517	(763)	-	9,754
Other structures	206	-	206	-	-	206
P&G Irrigation	4,819	1,950	6,769	-	-	6,769
Plant & Equipment	547	-	547	-	(547)	-
Computer Equipment	635	-	635	-	(635)	-
Furniture & Fittings	9	-	9	-	(9)	-
Artworks	5,404	-	5,404	-	-	5,404
	1,068,405	176,152	1,244,557	157,573	(1,191)	1,400,939

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 15. Reserves (continued)

(iii) Movements in Reserves - Reserve for Public Open Space

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at the beginning of the financial year	2,539	2,139	2,539	2,139
Transfers to accumulated reserves	2,186	2,218	2,186	2,218
Transfers from accumulated reserves	(1,060)	(1,818)	(1,060)	(1,818)
Balance at the end of the financial year	3,665	2,539	3,665	2,539

(iv) Movements in Reserves - Investments Revaluation Reserve

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at the beginning of the financial year	(336)	(725)	(336)	(725)
Transfers to accumulated reserves	336	389	336	389
Transfers from accumulated reserves	-	-	-	-
Balance at the end of the financial year	-	(336)	-	(336)

Note 16. Gains/ (loss) on sale of fixed and intangible assets

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Land & Buildings				
Proceeds from Sales	-	-	-	-
Carrying amount of assets sold	-	(336)	-	(336)
Gain/(Loss) on Sale	-	(336)	-	(336)
Plant, Equipment & Infrastructure				
Proceeds from Sales	3,389	932	3,082	932
Carrying amount of assets sold/disposed	(1,001)	(749)	(919)	(917)
Gain/(Loss) on Sale	2,388	183	2,163	15
Total Proceeds from Sale of Assets	3,389	932	3,082	932
Total Carrying amount of Assets Sold	(1,001)	(1,085)	(919)	(1,253)
Total Gain/(Loss) on Sale	2,388	(153)	2,163	(321)

Note 17. Cash flow information

(a) Reconciliation from net cash provided by operating activities to surplus(deficit)

	Consolidated		Council	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Comprehensive result	202,213	155,990	194,764	150,033
Non cash and other items included in Comprehensive Income for the year:				
Depreciation and amortisation	58,562	56,609	48,407	46,625
(Gain)/Loss on sale of property, plant and equipment	(2,388)	154	(2,163)	321
Recognition of change in reserves	(157,909)	(179,277)	(157,909)	(176,542)
Finance costs from financing activities	5,123	4,886	2,471	2,989
Transfer of Assets to external parties	-	74,496	-	74,496
Contributed Assets	(1,993)	(17,255)	(1,993)	(17,255)
Changes in assets and liabilities in relation to operating activities:				
(Increase)/Decrease in Trade and other Receivables	(16,153)	(1,047)	(3,990)	2,277
(Increase)/Decrease in Other Assets	(260)	(67)	(1,617)	(13)
(Increase)/Decrease in Inventories	71	(96)	-	-
(Increase)/Decrease in Accrued Income	(3,214)	(766)	(415)	(835)
Increase/(Decrease) in Trade and other Payables	26,690	(5,723)	16,681	(14,050)
Increase/(Decrease) in Superannuation Liability	(3,270)	802	-	-
Increase/(Decrease) in Employee benefits	3,974	2,827	2,042	1,570
Increase/(Decrease) in Provisions	90	888	20	849
Net cash provided by operating activities	111,536	92,421	96,298	70,465

(b) Cash and Cash Equivalents

Cash at the end of the financial year as shown in the balance sheet and the statement of cash flows comprises:

Cash on hand	78	78	46	48
Cash at bank	4,225	6,278	(107)	3,315
Bank Bills, Negotiable Certificates of Deposit	164,671	108,749	151,647	99,538
Cash and Cash Equivalents	168,974	115,105	151,586	102,901
Fixed Interest securities	-	14,664	-	14,664
	168,974	129,769	151,586	117,565

(c) Restriction on Investments

Council has cash and cash equivalents (note 17b) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).

Long Service Leave	23,457	20,721	16,793	15,246
Reserve Funds	3,665	2,539	3,665	2,539
	27,122	23,260	20,458	17,785

Short-term deposits, bank bills, NCDs and fixed interest securities as at 30 June 2011, had a weighted average duration of approximately 222 days (2010: 249 days) and a weighted average interest rate of 6.25 per cent (2010 : 6.22 per cent).

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 18. Leases and Commitments

COMMITMENTS

(i) Operating leases payable

Operating lease rentals of property, contracted for at balance date, but not recognised as liabilities:

Not longer than 1 year

Longer than 1 year but no longer than 5 years

Longer than 5 years

Consolidated		Council	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000
704	64	774	134
2,779	199	2,779	199
125	172	125	172
3,608	435	3,678	505

Operating Maintenance commitments

Payable within 1 year

Longer than 1 year but no longer than 5 years

7,467	6,400	7,467	6,400
14,949	20,648	14,949	20,648
22,416	27,048	22,416	27,048

Service Commitments*

Payable within 1 year

Payable later than 1 year but not later than 5 years

19,625	18,401	52,300	51,976
16,585	18,580	63,412	93,486
36,210	36,981	115,712	145,462

(ii) OPERATING LEASE RECEIVABLES

Future minimum lease receipts under non-cancellable operating leases for rentals of property, contracted for at balance date, but not recognised as assets:

Not longer than 1 year

Longer than 1 year but no longer than 5 years

Longer than 5 years

Consolidated		Council	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000
4,256	4,308	4,256	4,308
4,996	5,494	4,996	5,494
29,288	29,120	29,288	29,120
38,540	38,922	38,540	38,922

(iii) CAPITAL COMMITMENTS

Expenditure contracted for at balance date but not recognised in the financial report as liabilities:

CAPITAL

Buildings

Plant and Equipment

Payable within 1 year

Buildings

Plant and Equipment

Longer than 1 year but no longer than 5 years

Consolidated		Council	
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000
4,509	937	4,509	937
2,476	899	2,476	899
6,985	1,836	6,985	1,836
-	428	-	428
3,457	35	3,457	35
3,457	463	3,457	463
10,442	2,299	10,442	2,299

* Service commitments are for a maximum period of 5 Years.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 19. Contingent Assets and Liabilities

(a) Contingent Liabilities

Melbourne City Council and the State Government of Victoria have indemnified, in equal shares, Regent Management Company Pty Ltd against any liability, loss or expense incurred or suffered by the Company. Over the financial year, no calls on this indemnity were made.

Melbourne City Council, as a once-off arrangement, agrees to act as guarantor for Fencing Victoria's loan of \$234,000 for their capital contribution towards the State High Performance Centre, which will be completed as part of the Arden Street redevelopment. Over the financial year, no calls on this indemnity were made.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 20. Superannuation

The City of Melbourne makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

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

Defined Benefit Plan

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

City of Melbourne makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2008, City of Melbourne makes the following contributions:-

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

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

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

Accounting Standard Disclosure

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

	31-Dec-08
	\$'000
Net Market Value of Assets	3,630,432
Accrued Benefits	<u>3,616,422</u>
Difference between Assets and Accrued Benefits	<u>14,010</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	<u>3,561,588</u>

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

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

	2011	2010
	\$'000	\$'000
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,403	1,376
Employer contributions	<u>553</u>	<u>536</u>
	<u>1,956</u>	<u>1,912</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	5	3
Employer contributions payable	<u>-</u>	<u>-</u>
	<u>5</u>	<u>3</u>

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 20 Superannuation (continued)

Melbourne City Council Superannuation Sub Plan (CMSSP) Members

A separate plan is operated for Melbourne City Council defined benefit members. The CMSSP was closed to new members on 23 December 1993.

The CMSSP 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, Council does not use the defined benefit accounting for these contributions, but as the majority of the members of the fund are employees of the Melbourne City Council group, the surplus or deficit of the fund is recorded in accordance to AASB119 at the consolidated level for reporting purposes. Member profiles will be reviewed periodically to determine if and when reporting at the individual entity level became appropriate.

The Melbourne City Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Fund's Trustee on advice of the actuary. On the basis of the results of the most recent update of the full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, the Trustee has determined that the funding arrangements were adequate for the expected CMSSP liabilities and Melbourne City Council makes the following contributions:

- 8% of members' salaries (up until 30th November 2006), and 4% thereafter; and
- the difference between resignation and retrenchment benefits paid to its retrenched employees (same as previous year).

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 for when the funding of future benefits was also considered. A Liability of \$7.89m (\$11.16m 2009/10) has been recognised in the consolidated financial statements as the Council's share of the scheme's liabilities, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The Actuary will undertake the next actuarial investigation commencing at 31 December 2011 to ascertain if additional contributions are required.

The CMSSP Fund's liability was determined in the 31 December 2008 actuarial investigation pursuant to the requirements of the Australian Accounting Standard AAS 25 as follows:

	31-Dec-2008 \$ Millions
Net Market Value of Assets	60.4
Accrued Benefits (per accounting standards)	51.4
Difference between Assets and Accrued Benefits	<u>9.0</u>
Vested Benefits	<u>58.7</u>
Vested benefits index	114%

The total amount of superannuation contributions paid by Melbourne City Council (inclusive of its wholly owned subsidiaries Citywide Service Solutions Pty Ltd, Queen Victoria Market Pty Ltd and Melbourne Wholesale Fish Market Pty Ltd) during the year was \$12,196,238 (2010: \$10,751,370).

Council has an ongoing obligation to share in the future experience of the Local Authorities Superannuation Fund Defined Benefits Plan and the Melbourne City Council Superannuation Sub-Plan. Favourable or unfavourable variations may arise should the experience of the Funds differ from the assumptions made by the Funds' actuary in estimating the Funds' accrued benefit liability.

CityWide Service Solutions Pty Ltd contributes in respect of its employees to the following sub-plans of the Local Authorities Superannuation Fund:

- The Melbourne City Council sub-plan,
- The Defined Benefits plan, and
- The Accumulation plan.

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 21. Related party transactions**

(a) Names of persons holding the position of a Responsible Person at the Melbourne City Council during the financial year were:

Councillors

LM Robert Doyle	Cathy Oke
DLM Susan Riley	Brian Shanahan
Carl Jetter	Ken Ong
Kevin Louey	Peter Clarke
Jennifer Kanis	

Chief Executive Officer

Kathy Alexander

(b) Remuneration of Responsible Persons in bands of \$ 20,000**Income Range**

\$0,000 - \$19,999
\$20,000 - \$39,999
\$40,000 - \$59,999
\$80,000 - \$99,999
\$100,000 - \$119,999
\$160,000 - \$179,999
\$360,000 - \$379,999
\$380,000 - \$399,999

2011 No.	2010 No.
-	-
-	-
7	7
-	-
1	1
1	1
-	1
1	-
10	10

2011 \$'000	2010 \$'000
1,016	988

Total Remuneration for the financial year for Responsible Persons included above, amounted to:

(c) Senior Officers' Remuneration

The number of Senior Officers, other than the Responsible Persons, whose total remuneration exceeded \$124,000 during the financial year, are shown below in their relevant income bands:

Income Range

\$124,000 - \$139,999
\$140,000 - \$159,999
\$160,000 - \$179,999
\$180,000 - \$199,999
\$200,000 - \$219,999
\$220,000 - \$239,999
\$240,000 - \$259,999
\$260,000 - \$279,999
\$280,000 - \$299,999
\$300,000 - \$319,999
\$320,000 - \$339,999
\$340,000 - \$359,999

2011 \$'000	2010 \$'000
24	14
18	12
10	15
4	6
4	3
-	2
2	-
1	2
1	2
2	2
1	-
-	1
67	59

2011 \$'000	2010 \$'000
11,050	10,514

Total Remuneration for the financial year for Senior Officers included above, amounted to:

The recognition criteria for a senior officer was amended to reflect remuneration in excess of \$124,000 in Local Government (General) Amendment Regulations 2010. The statutory accounts have been adjusted accordingly for 2011 and restated for 2010 for comparative purpose

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 21. Related party transactions (continued)

- (d) No retirement benefits were paid by the Council in connection with the retirement of Responsible Persons during the financial year or in the previous financial year.
- (e) **Other Transactions**
 Other related party transactions requiring disclosure this financial year have been considered and there are no matters to report. There were no matters to report in the previous financial year.
- (f) **Wholly-Owned Group**
 Melbourne City Council is the ultimate parent entity in the wholly-owned group. Transactions with the controlled entities, CityWide Service Solutions Pty Ltd, Queen Victoria Market Pty Ltd, Melbourne Wholesale Fish Market Pty Ltd and Sustainable Melbourne Fund Trust during the year comprised of the following: provision of accounting and administration services, property rental, contract sales, purchases of raw materials and plant and equipment and in accordance with the Tax Equivalence Policy, the receipt of payments which included tax equivalents for income tax, and payroll tax where applicable. These transactions were made on normal commercial terms and conditions and at market rates.

(g) Other related party transactions

	Council	
	2011 \$'000	2010 \$'000
Other related party transactions		
Debtor - CityWide Service Solutions Pty Ltd	3,140	2,765
Debtor - Queen Victoria Market Pty Ltd	1	3
	<u>3,141</u>	<u>2,768</u>
Creditor - CityWide Service Solutions Pty Ltd	11,329	7,057
Creditor - Queen Victoria Market Pty Ltd	121	90
	<u>11,450</u>	<u>7,147</u>
Intercompany Revenue		
Dividends	4,168	4,538
Interest on loan to CityWide Service Solutions Pty Ltd		1
Other	11,643	8,889
Total Intercompany Revenue	<u>15,811</u>	<u>13,428</u>
Intercompany Expenditure		
CityWide Service Solutions Pty Ltd	62,266	52,720
Total Intercompany Expenditure	<u>62,266</u>	<u>52,720</u>

Note 22. Financial Instruments

Accounting Policy, terms and conditions

Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalents	17	Cash on hand, cash at bank and money market call account are valued at face value.	COUNCIL: On call deposits returned a floating interest rate of 4.35% (4.36% in 2009/2010).
Bank Bills, Negotiable and Transferrable Certificates of Deposits and Fixed Interest	17	Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Fixed interest securities are valued at fair value.	COUNCIL: Transferrable Certificates of deposit provided return of 6.38% (7.22% in 2009/2010) excluding unrealised gains/losses
Sundry Debtors (including Docklands and Kensington/North Melbourne)	5	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis. Docklands debtors and Kensington/North Melbourne debtors have been recognised at carrying value, as recorded at the time of transition per the financial records of the responsible entity.	General debtors are unsecured. Credit terms are based on 30 days from date of invoice.
Investments	7	Investments for the Council include all wholly owned subsidiaries, wholly controlled trust of the Council and associated entities. Investments the consolidated entity includes interests in other entities and associated entities.	Investments in other entities are valued at historical cost.
Financial Liabilities			
Trade and other payables	12	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days from date of invoice.
Borrowings		Borrowings are carried at their principal amounts, which represent the present value of future cash flows associated with the servicing of debt. Interest is recognised as an expense as it is incurred.	CITYWIDE: The bank overdraft and Bill Acceptance and Discount Facilities are unsecured facilities. The bank facilities may be drawn at any time and may be terminated by the bank subject to default under the loan agreement. Subject to the continuance of satisfactory covenant achievement, the bank facilities may be drawn at any time. The facilities expire on the 30 September 2013. The weighted average interest rate was 4.96% in 2011 (3.83% in 2010) COUNCIL: The Melbourne City Council has no borrowings. No defaults or breaches of any loan/debt facility arrangements involving Council or its consolidated group occurred during the financial year ended 30 June 2011.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 22. Financial Instruments (continued)

(a) Interest rate risk

(i) The **consolidated** entity's exposure to interest rate risk, repricing maturities and effective weighted average interest rates on financial instruments at balance date is set out below:

	Weighted Average Interest rate %		Floating Interest rate		Fixed Interest Rate Maturities 1 year or less		Non interest bearing		Total	
	2011 %	2010 %	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000
Financial Assets										
Cash	4.29%	4.31%	4,225	7,217	-	-	78	78	4,303	7,295
Short term deposits	6.09%	6.01%	-	-	164,671	100,568	-	-	160,671	100,568
Bank Bills & NCD's	6.38%	7.22%	4,000	21,663	-	-	-	-	4,000	21,663
Sundry debtors	-	-	-	-	-	-	35,009	18,611	35,009	18,611
Investment in unlisted entities	-	-	-	-	-	-	3,026	3,042	3,026	3,042
Total Financial Assets			8,225	28,880	164,671	100,568	38,113	21,731	207,009	151,179
Financial Liabilities										
Trade creditors	-	-	-	-	-	-	23,142	9,318	23,142	9,318
Deposits & retentions	-	-	-	-	-	-	3,765	3,688	3,765	3,688
Borrowings	4.96%	3.83%	7,000	1,000	-	-	-	-	7,000	1,000
Total Financial Liabilities			7,000	1,000	-	-	26,907	13,006	33,907	14,006
Net financial assets/(liabilities)			1,225	27,880	164,671	100,568	11,206	8,725	173,102	137,173

Comparative figures in non-interest bearing Sundry Debtors have been adjusted to exclude Rates, Parking Infringements and GST receivable debtors to be consistent with the current year.

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 22. Financial Instruments (continued)**

(ii) The Council's exposure to interest rate risk, repricing maturities and effective weighted average interest rates on financial instruments at balance date is set out below:

	Weighted Average Interest rate %		Floating Interest rate		Fixed Interest Rate Maturities 1 year or less		Non interest bearing		Total	
	2011 %	2010 %	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000
Financial Assets										
Cash	4.35%	4.36%	(107)	3,315	-	-	46	48	(61)	3,363
Short term deposits	6.12%	6.01%	-	-	151,647	92,538	-	-	147,647	92,538
Bank Bills & NCD's	6.38%	7.22%	4,000	21,663	-	-	-	-	4,000	21,663
Sundry debtors			-	-	-	-	5,948	1,808	5,948	1,808
Investment in unlisted entities			-	-	-	-	32,961	32,921	32,961	32,921
Total Financial Assets			3,893	24,978	151,647	92,538	38,955	34,777	190,495	152,293
Financial Liabilities										
Bank Overdraft										
Trade creditors			-	-	-	-	15,685	2,417	15,685	2,417
Deposits & retentions			-	-	-	-	1,833	1,969	1,833	1,969
Total Financial Liabilities			-	-	-	-	17,518	4,386	17,518	4,386
Net financial assets/(liabilities)			3,893	24,978	151,647	92,538	21,437	30,391	172,977	147,907

Comparative figures in non-interest bearing Sundry Debtors have been adjusted to exclude Rates, Parking Infringements and GST receivable debtors to be consistent with the current year.

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 22. Financial Instruments (continued)****(b) Reconciliation of net financial assets to net assets**

	Consolidated		Note	Council	
	2011 \$ '000	2010 \$ '000		2011 \$ '000	2010 \$ '000
Net financial assets as above	173,102	137,173		172,977	147,908
Non financial assets and liabilities:					
Inventories	407	478	6	-	-
Intangible Assets	24,491	14,256	10	6,777	4,404
Other assets	24,287	22,648		26,423	25,055
Rate debtors	2,239	2,008		2,239	2,008
Property, Infrastructure, Plant & Equipment	2,958,790	2,791,768	9	2,898,022	2,725,320
Investment Properties	97,434	96,896		97,434	96,896
Net Assets/(Liabilities) Defined Super Fund	(7,887)	(11,157)		-	-
Accruals	(45,835)	(30,929)	12	(32,057)	(23,966)
Income in advance	(2,744)	(3,094)	12	(193)	(789)
Employee Entitlements	(37,489)	(33,515)	13	(25,384)	(23,342)
Provisions	(1,600)	(1,510)	14	(1,336)	(1,316)
Non Current Payables	(4,282)	(6,322)	12a	(4,282)	(6,322)
Net assets per Balance Sheet	3,180,913	2,978,700		3,140,620	2,945,856

Note: Refer to note 5 page 18 for detail on Trade Debtors, Provisions and Bad Debts.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 22. Financial Instruments (continued)

(c) Net fair values

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

	Consolidated				Council			
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$ 000's 2011	\$ 000's 2011	\$ 000's 2010	\$ 000's 2010	\$ 000's 2011	\$ 000's 2011	\$ 000's 2010	\$ 000's 2010
Financial Assets								
Assets								
Cash	4 303	4 303	7 295	7 295	(61)	(61)	3 363	3 363
Sundry Debtors	35 009	35 009	18 611	18 611	5 948	5 948	1 809	1 809
Short term deposits	160 671	160 671	100,568	100,568	147 647	147 647	92,538	92,538
Bank bills & NCD's	4 000	4 000	21 663	21 663	4 000	4 000	21 663	21 663
Investment in unlisted entities	3 026	3 026	3 042	3 042	32 961	32 961	32 921	32 921
Total financial assets	207 009	207 009	151 179	151 179	190 495	190 495	152 294	152 294
Financial Liabilities								
Liabilities								
Trade creditors	23 142	23 142	9 318	9 318	15 685	15 685	2 417	2 417
Deposits and retentions	3 765	3 765	3 688	3 688	1 833	1 833	1 969	1 969
Borrowings	7 000	7 000	1 000	1 000	-	-	-	-
Total financial liabilities	33 907	33 907	14 006	14 006	17 518	17 518	4 386	4 386

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 22. Financial Instruments (continued)

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

- Cash, cash equivalents and short-term deposits - the carrying amount approximates fair value because of their short term to maturity.
- Trade debtors and creditors - the carrying amount approximates fair value.
- Bank Bills & Negotiable Certificates of Deposits - there are market prices quoted daily for securities issued by any of the major four banks.
- For any other securities, a reasonable estimate of the fair value has been determined by reference to the current market value of a quoted security, and adding a credit risk margin, which is determined by reference to historical data.
- Fixed interest investments are valued at market value.

(d) Credit Risk Exposures

The credit risk on financial assets of the economic entity which have been recognised in the Balance Sheet is generally the carrying amount, net of any provisions for doubtful debts.

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk is limited to our subsidiary company's (CityWide) borrowings. Council has no direct borrowings.

Our subsidiary company CityWide has a borrowing and overdraft facility which has been arranged with a major Australian bank. Our subsidiary company manages the interest rate risk by:

- ensuring access to diverse sources of funding;
- an ongoing review of borrowing levels; and
- having a limit imposed on the maximum borrowing amount allowed by Council.

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:

- Melbourne City Council have a policy for establishing credit limits for the entities we deal with;
- Melbourne City Council may require collateral where appropriate; and
- Melbourne City Council only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government and other Councils. Apart from the Victorian Government and Councils we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised. The aging of receivables has been disclosed in Note 5.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 22. Financial Instruments (continued)

Melbourne City Council 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 19.

Liquidity risk

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

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

To help reduce these risks Melbourne City Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- Council has no direct borrowings

The Consolidated Entity's exposure to liquidity risk is deemed insignificant given our high levels of cash and cash equivalents and nil borrowings and our 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

Consolidated								
	2011	6 mths	6-12	1-2	2-5	>5	Contracted	
		or less	months	years	years	years	Cash Flow	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
							Amount	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Trade and other payables		72,986	-	-	-	-	72,986	72,986
Trust funds and deposits		2,513	2,500	4,283	-	-	9,296	9,296
Interest-bearing loans and borrowings		-	7,000	-	-	-	7,000	7,000
Total financial liabilities		75,499	9,500	4,283	-	-	89,282	89,282

Consolidated								
	2010	6 mths	6-12	1-2	2-5	>5	Contracted	
		or less	months	years	years	years	Cash Flow	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
							Amount	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Trade and other payables		45,529	-	-	-	-	45,529	45,529
Trust funds and deposits		2,458	1,500	2,500	3,822	-	10,279	10,279
Interest-bearing loans and borrowings		-	1,000	-	-	-	1,000	1,000
Total financial liabilities		47,987	2,500	2,500	3,822	-	56,808	56,808

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 22. Financial Instruments (continued)

Council							
	2011	6 mths	6-12	1-2	2-5	>5	Contracted
		or less	months	years	years	years	Cash Flow
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables		47,268	-	-	-	-	47,268
Trust funds and deposits		1,058	2,500	4,283	-	-	7,841
Interest-bearing loans and borrowings		-	-	-	-	-	-
Total financial liabilities		48,326	2,500	4,283	-	-	55,109

Council							
	2010	6 mths	6-12	1-2	2-5	>5	Contracted
		or less	months	years	years	years	Cash Flow
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables		27,641	-	-	-	-	27,641
Trust funds and deposits		1,273	1,500	2,500	3,821	-	9,094
Interest-bearing loans and borrowings		-	-	-	-	-	-
Total financial liabilities		28,914	1,500	2,500	3,821	-	36,735

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months.

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

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

	2011 \$'000	Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Consolidated					
Financial Assets					
Cash and cash equivalents	168,974	(3,379)	(3,379)	1,690	1,690
Financial liabilities:					
Interest-bearing loans and borrowings	7,000	(140)	(140)	70	70
Council					
Financial Assets					
Cash and cash equivalents	151,586	(3,032)	(3,032)	1,516	1,516

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 22. Financial Instruments (continued)
(g) 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

Consolidated

2011	level 1	level 2	level 3	total
Consolidated Available for sale financial assets	-	-	-	-
Council Available for sale financial assets	-	-	-	-
2010	level 1	level 2	level 3	total
Consolidated Available for sale financial assets	14,664	-	-	14,664
Council Available for sale financial assets	14,664	-	-	14,664

MELBOURNE CITY COUNCIL**Notes to the financial statements****For the year ended 30 June 2011****Note 23. Financial ratios**

	Consolidated				Council			
	2011		2010	2009	2011		2010	2009
(a) Debt Servicing Ratio								
<u>Debt servicing cost</u>	640	0.13%	0.09%	0.15%	0	0	0	0
Total revenue	508,466				361,419			
To identify the capacity of the Council to service its outstanding debt. Council's ability to meet it's Debt servicing cost is extremely strong. When rounded the ratio of revenue to debt is less than 1%								
(b) Debt Commitment Ratio								
<u>Debt servicing and redemption costs</u>	7000	3.63%	0.55%	4.00%	0	0	0	0
Rate revenue	192,804				192,804			
To identify Council's debt redemption strategy. Council's ability to meet it's Debt commitment is extremely strong. When rounded the ratio of rate revenue to debt is less than 4.0%								
(c) Revenue Ratio								
<u>Rate revenue</u>	192,804	38%	40%	39%	192,804	53%	53%	52%
Total revenue	508,466				361,419			
To identify Council's dependence on rates.								
(d) Debt Exposure Ratio								
<u>Total indebtedness</u>	133,744	4%	3%	4%	80,770	3%	2%	3%
Total realisable assets	3,314,657				3,221,390			
To identify Council's exposure to debt. * per cent of realisable assets is required to cover debt in 2011.								
(e) Working Capital Ratio								
<u>Current assets</u>	230,916	210%	227%	209%	186,196	252%	294%	231%
Current liabilities	109,921				73,956			

To assess Council's ability to meet current commitments.

For every dollar of current liabilities, Council has \$2.52 of current assets as at 30 June 2011.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 23. Financial ratios (continued)

Definitions

To assess Council's ability to meet current commitments.

For every dollar of current liabilities, Council has \$2.52 of current assets as at 30th June 2011.

Current assets	Total current assets as shown in the Balance Sheet.
Current liabilities	Total current liabilities as shown in the Balance Sheet.
Debt redemption	Includes the principal component of repayments on loans and financial leases and capital items purchased on vendor terms.
Debt servicing costs	Includes interest and charges on loans, overdrafts and interest on payments for capital items purchased on vendor terms.
Rate revenue	Includes revenue from general rates, municipal charges, special rates, special charges, service rates and service charges.
Total indebtedness	Total liabilities, both current and non-current, as shown in the Balance Sheet.
Total realisable assets	Total current assets and total realisable non-current assets.
Total revenue	Total revenue as shown in the Income Statement.

Note 24. Events occurring after balance date:

There are no events that have occurred after balance date that need to be reflected in the Financial Statements.

Note 25. Transfer of assets to external parties:

In the 2009/10 financial year the Victorian State Government transferred responsibility for Yarra Park from the Melbourne City Council to the Melbourne Cricket Ground Trust. This resulted in a once off write off of assets of approximately \$74.49 million in 2009/10.

Note 26. Business Combinations:

a) Subsidiaries acquired

	Consideration transferred
	\$'000
2011	
Sterling Group Services Pty Ltd	12,065
Principal activity - Open Space	
Date of acquisition - 1/01/2011	
Proportion of shares acquired - 100%	

Sterling Group Services was acquired so as to continue the expansion of CityWide Service Solutions Pty Ltd's Open Space activities.

2010

Nil.

MELBOURNE CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2011

Note 26. Business Combinations (continued)

(b) Consideration transferred

	Sterling Group Services Pty Ltd
Cash	11,065
Contingent consideration arrangement (i)	1,000
Total	12,065

(i) Under the contingent consideration arrangement, CityWide Service Solutions Pty Ltd is required to pay the vendors up to \$1.0m for the year ending 31 December, 2011. The directors consider it probable that the payment will be made. The amount has been accrued as at the acquisition date.

Acquisition related costs of \$350,000 have been excluded from the consideration transferred and have been recognised as an expense in the year in the statement of comprehensive income.

(c) Assets acquired and liabilities assumed at the date of acquisition

Current assets	
Cash & cash equivalents	2,014
Trade and other receivables	3,196
Inventories	
Non-current assets	
Plant and Equipment	481
Current liabilities	
Trade and other payables	961
Provisions	527
Non-current liabilities	
Unsecured Loans	0

The receivables acquired (which principally comprised of trade receivables) with a fair value of \$1,518,000 had a gross contractual value of \$1,518,000. The best estimate at acquisition date, was that all of the contracted cash flows would be collected.

(d) Goodwill arising on acquisition

Consideration transferred	12,065
Less: fair value of identifiable net assets acquired	(4,203)
Goodwill arising on acquisition	7,862

Goodwill arose in the acquisition of Sterling Group Services Pty Ltd as it includes amounts in relation to revenue growth, future market development and expected synergies with the CityWide Service Solutions Pty Ltd. These benefits are not separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

MELBOURNE CITY COUNCIL

**Statement by Councillors, Chief Executive and Principal Accounting Officer on the Financial Report
For the year ended 30 June 2011**

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



Phu Nguyen (CPA)
Principal Accounting Officer

In our opinion the accompanying financial report presents fairly the financial transactions of the Melbourne City Council Group and the Melbourne City Council for the year ended 30 June 2011 and the financial position of the Melbourne City Council Group and Melbourne City Council as at that date.

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

We were authorised by the Council on 30 August 2011 to certify the financial report in its final form.



Robert Doyle
Lord Mayor



Brian Shanahan
Councillor



Mark Stoermer
Acting Chief Executive Officer

Melbourne

Date: 30/08/11

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Melbourne City Council

The Financial Report and Standard Statements

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

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises the standard statement of income, standard statement of balance sheet, standard statement of cash flows (reconciliation), standard statement of cashflow, standard statement of capital works the related notes and the statement by councillors, chief executive officer and principal accounting officer has been audited.

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

The Councillors of the Melbourne City 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.

Independent Auditor's Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion:

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

Basis of Accounting for Standard Statements

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

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

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

MELBOURNE
14 September 2011



F D R Pearson
Auditor-General