

Management report to Council

Agenda Item 3.1

2014-15 Draft Consolidated Financial Statements and Performance Statement

8 September 2015

Presenter: Phu Nguyen, Chief Financial Officer

Purpose and background

1. The purpose of this report is to seek 'in principle' approval of the Council's draft Consolidated Financial Statements and Performance Statement for the year ended 30 June 2015 in accordance with sections 131 and 132 of the *Local Government Act 1989* (the Act) and to seek authorisation of two Councillors to certify the Statements in their final form after any changes recommended or agreed by the Auditor-General have been made, in accordance with section 132(5) of the Act.
2. Council is required under section 131 of the Act to prepare audited Consolidated Financial Statements regarding its operations for the financial year ended 30 June 2015. The draft Consolidated Statements are presented in Attachment 2 and have been prepared in accordance with Australian Accounting Standards and reporting requirements have been audited by the Victorian Auditor-General's Office (VAGO).
3. The Performance Statement and accompanying notes are presented in Attachment 3. The Performance Statement provides a summary of performance against key indicators.
4. The Financial Statements and Performance Statement comply with the new mandatory requirements under the *Local Government (Planning and Reporting) Regulations 2014* and Performance Reporting Framework.
5. In accordance with best practice guidelines issued by the Australian Stock Exchange, the Chief Executive Officer and Acting Principal Accounting Officer have made a declaration on the Financial Statements presented to Council (refer Attachment 4). The statement gives Council greater assurance of the integrity in financial reporting and is in accordance with Council's commitment to enhancing governance protocols.

Consideration at Council

6. The 2014-15 Fourth Quarter June 2015 Year to Date Financial Performance Report was presented to Council on 25 August 2015.

Key issues - Audit Committee

7. The 2014-15 annual financial statements of the Melbourne City Council consolidated with CityWide Service Solutions Pty Ltd, Queen Victoria Market Pty Ltd, Enterprise Melbourne Pty Ltd and the Sustainable Melbourne Fund were considered by the Council's Audit Committee at its meeting held on 28 August 2015.
8. The 2014-15 Performance Statement have also been considered by the Audit Committee.
9. Following review, the Audit Committee has recommended the approval of the 2014-15 Consolidated Financial Statements and Performance Statement.

Recommendation from management

10. That Council:
 - 10.1. Approves in principle, the 2014-15 Consolidated Financial Statements and Performance Statement.
 - 10.2. Nominates and authorises the Lord Mayor, Robert Doyle, and the Chair of the Future Melbourne Committee (Finance and Governance portfolio), Cr Stephen Mayne, to certify and approve the Consolidated Financial Statements and Performance Statement in their final form after any changes recommended, or agreed with the Auditor General, have been made on behalf of Council.
 - 10.3. Acknowledges the declaration made by the Chief Executive Officer and Principal Accounting Officer (Chief Financial Officer) which is provided in accordance with good governance principles and gives the Council greater surety of the information contained in the statements.

Attachments:

1. Supporting Attachment
2. Draft Annual Consolidated Financial Statements for Council 2014-15
3. Draft 2014-15 Performance Statement
4. Declaration by the Chief Executive Officer and Acting Principal Accounting Officer

SUPPORTING ATTACHMENT

Legal

1. The report accurately describes the relevant statutory framework.

Finance

2. The financial details are contained in the draft Annual Consolidated Financial Statements for Council 2014-15 (refer Attachment 2).

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. The VAGO undertook the audit of the Consolidated Financial Statements and Performance Statement.
5. The information attached to the report was considered by the Audit Committee at its meeting on 28 August 2015.

Environmental sustainability

6. There is no significant impact on environmental sustainability.

Melbourne City Council

Annual Financial Report

2014 – 2015

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FINANCIAL STATEMENTS

Comprehensive Income Statement

For the Year Ended 30 June 2015

	Consolidated			Council	
	2015 \$'000	2014 \$'000	Note	2015 \$'000	2014 \$'000
Income					
Rates and charges	230,919	213,631	3	231,184	213,837
Statutory fees and fines					
Parking fines	42,316	38,495	4	42,316	38,495
Other statutory fees and fines	7,960	7,871	4	7,960	7,871
User fees					
Parking fees	53,648	50,828	5	49,269	46,796
Other user fees	16,165	16,365	5	15,477	15,681
Grants - operating	10,489	9,102	6	10,489	9,102
Grants - capital	19,516	14,433	6	19,516	14,433
Contributions - monetary	15,795	9,652	7	15,497	9,506
Contributions - non monetary	11,562	7,895	7	11,562	7,895
Net gain on disposal of property, infrastructure, plant and equipment	2,033	1,097	8	1,381	954
Fair value adjustments for investment properties	364	5,640		364	5,640
Other income	218,414	223,537	9	30,762	29,484
Total Income	629,181	598,546		435,777	399,694
Expenses					
Employee benefit expense	225,346	221,828	10	132,798	129,481
Materials and services	239,409	241,009	11	160,621	157,230
Bad and doubtful debts	6,754	3,567	12	6,630	3,562
Depreciation and amortisation	74,092	69,467	13	57,685	55,281
Borrowing cost	164	353	14	-	-
Other expenses	9,345	8,739	15	4,669	5,250
Grants and contributions	13,217	13,347		13,217	13,347
Contributions of assets to external parties	-	4,200		-	4,200
Total Expenses	568,327	562,510		375,620	368,351
Surplus For The Year	60,854	36,036		60,157	31,343
Other Comprehensive Income					
Net asset revaluation increment	61,519	76,569	29	61,519	76,569
Gain/(loss) on defined benefits plans	863	4,024	36	-	-
Total Other Comprehensive Income	62,382	80,593		61,519	76,569
Total Comprehensive Result	123,236	116,629		121,676	107,912

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

Balance Sheet

For the Year Ended 30 June 2015

	Consolidated			Council	
	2015 \$'000	2014 \$'000	Note	2015 \$'000	2014 \$'000
Assets					
Current Assets					
Cash and cash equivalents	118,972	89,024	16	106,519	81,339
Trade and other receivables	48,997	57,695	17	25,550	26,626
Other financial assets	5,300	21,700	18	2,000	18,000
Inventories	816	656	19	-	-
Other assets	15,660	6,623	20	12,664	3,920
Total Current Assets	189,745	175,698		146,733	129,885
Non-Current Assets					
Investment in subsidiaries and trust	7,250	7,675	21	31,659	32,316
Property, infrastructure, plant and equipment	3,501,754	3,407,643	22	3,438,198	3,340,611
Investment property	114,069	113,789	23	114,069	113,789
Intangible assets	34,597	38,207	24	10,853	11,004
Net assets of City of Melbourne's Defined Benefits Superannuation Fund	1,195	423	36	-	-
Total Non-Current Assets	3,658,865	3,567,737		3,594,779	3,497,720
Total Assets	3,848,610	3,743,435		3,741,512	3,627,605
Liabilities					
Current Liabilities					
Trade and other payables	77,175	89,840	25	53,308	61,065
Trust funds and deposits	8,526	7,057	26	6,111	4,901
Provisions	44,350	44,513	27	30,269	31,349
Total Current Liabilities	130,051	141,410		89,688	97,315
Non-Current Liabilities					
Provisions	4,849	5,551	27	2,900	3,042
Interest bearing loans and borrowings	-	6,000	28	-	-
Total Non-Current Liabilities	4,849	11,551		2,900	3,042
Total Liabilities	134,900	152,961		92,588	100,357
Net Assets	3,713,710	3,590,474		3,648,924	3,527,248
Equity					
Accumulated surplus	1,953,664	1,897,574		1,892,915	1,838,385
Reserves	1,760,046	1,692,900	29	1,756,009	1,688,863
Total Equity	3,713,710	3,590,474		3,648,924	3,527,248

The Balance Sheet should be read in conjunction with the accompanying notes.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Statement of Changes in Equity

For the Year Ended 30 June 2015

Consolidated		Total Equity		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves	
		2015	2014	2015	2014	2015	2014	2015	2014
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		3,590,474	3,473,845	1,897,574	1,861,508	1,673,503	1,596,934	19,397	15,403
Surplus for the year		60,854	36,036	60,854	36,036	-	-	-	-
Net asset revaluation increment/(decrement)	29	61,519	76,569	-	-	61,519	76,569	-	-
Transfers to other reserves	29	-	-	(13,286)	(7,254)	-	-	13,286	7,254
Transfers from other reserves	29	-	-	7,659	3,260	-	-	(7,659)	(3,260)
Actuarial gain/(expense) - City of Melbourne's Defined Benefits Superannuation Fund	36	863	4,024	863	4,024	-	-	-	-
Balance at the end of the financial year		3,713,710	3,590,474	1,953,664	1,897,574	1,735,022	1,673,503	25,024	19,397

Council		Total Equity		Accumulated Surplus		Asset Revaluation Reserve		Other Reserves	
		2015	2014	2015	2014	2015	2014	2015	2014
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		3,527,248	3,419,336	1,838,385	1,811,036	1,669,466	1,592,897	19,397	15,403
Surplus for the year		60,157	31,343	60,157	31,343	-	-	-	-
Net asset revaluation increment/(decrement)	29	61,519	76,569	-	-	61,519	76,569	-	-
Transfers to other reserves	29	-	-	(13,286)	(7,254)	-	-	13,286	7,254
Transfers from other reserves	29	-	-	7,659	3,260	-	-	(7,659)	(3,260)
Balance at the end of the financial year		3,648,924	3,527,248	1,892,915	1,838,385	1,730,985	1,669,466	25,024	19,397

The Consolidated and Council Statements of Changes in Equity should be read in conjunction with the accompanying notes.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Statement of Cash Flows

For the Year Ended 30 June 2015

	Consolidated			Council	
	2015 \$'000	2014 \$'000	Note	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities					
Rates and charges	232,979	213,852		233,245	214,058
Statutory fees and fine	50,276	50,283		50,276	46,366
User fees	71,613	72,149		62,235	62,477
Grants - Operating	12,615	9,102		12,615	9,102
Grants - Capital	19,516	16,354		19,516	16,193
Contributions - Monetary	15,795	9,506		15,497	9,506
Interest received	3,851	4,339		3,419	4,585
Dividends received	-	-		2,744	3,662
Trust funds and deposits taken	1,189	1,935		1,189	1,935
Other receipts	234,108	235,940		24,235	28,309
Net GST refund/payment	2,260	4,598		14,797	16,188
Employee cost	(224,473)	(224,245)		(131,345)	(128,422)
Materials and services	(283,495)	(262,388)		(196,626)	(169,494)
Other payments	(23,357)	(20,570)		(16,822)	(14,583)
Net cash provided by/(used in) operating activities	112,877	110,855	30	94,975	99,882
Cash Flows from Investing Activities					
Payments for property, infrastructure, plant and equipment	(96,333)	(111,905)	22	(87,722)	(105,238)
Proceeds from Sale of property, infrastructure, plant and equipment	2,579	2,866		1,927	1,819
Payments for investments	425	(25,594)		-	(18,000)
Proceeds from Sale of Investments	16,400	-		16,000	-
Net cash provided by/(used in) investing activities	(76,929)	(134,633)		(69,795)	(121,419)
Cash Flows from Financing Activities					
Proceeds from borrowing	-	1,500		-	-
Repayment of borrowing	(6,000)	-		-	-
Net cash provided by/(used in) financing activities	(6,000)	1,500		-	-
Net increase(decrease) in cash and cash equivalents	29,948	(22,277)		25,180	(21,537)
Cash and cash equivalents at beginning of the financial year	89,024	111,301		81,339	102,876
Cash and cash equivalents at the end of the financial year	118,972	89,024	31	106,519	81,339
Financing arrangements			32		
Restrictions on cash assets			16		

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Capital Works

For the Year Ended 30 June 2015

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property				
Land	4	354	4	354
Total Land	4	354	4	354
Buildings				
Buildings	10,818	18,005	10,818	18,005
Heritage buildings	8,549	12,749	8,549	12,749
Leasehold improvements	509	318	-	-
Total Buildings	19,876	31,072	19,367	30,754
Total Property	19,880	31,426	19,371	31,108
Plant & Equipment				
Plant, machinery and equipment	10,713	8,417	1,865	1,983
Fixtures, fittings and furniture	165	222	41	71
Computers and telecommunications	8,231	10,531	7,170	9,745
Library books	915	908	915	908
Total Plant & Equipment	20,024	20,078	9,991	12,707
Infrastructure				
Roads	13,110	15,487	13,110	15,487
Bridges	659	464	659	464
Footpaths and cycleways	5,480	12,586	5,480	12,586
Drainage	3,465	2,613	3,465	2,613
Recreational, leisure and community facilities	10	-	10	-
Parks, open space and streetscapes	1,239	1,525	1,239	1,525
Statues, sculptures and artworks	72	593	72	593
Other infrastructures	28,681	21,899	28,681	21,899
Total Infrastructure	52,716	55,167	52,716	55,167
Total capital works expenditure	92,620	106,671	82,078	98,982
Represented by:				
New asset expenditure	50,036	59,528	39,494	51,839
Asset renewal expenditure	39,934	44,621	39,934	44,621
Asset expansion expenditure	485	-	485	-
Asset upgrade expenditure	2,165	2,522	2,165	2,522
Total capital works expenditure	92,620	106,671	82,078	98,982

The Statement of Capital Works should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Introduction

These Financial Statements are for the entity the Melbourne City Council (the "Council") and controlled entities. The Council is the ultimate successor at law to the Mayor Aldermen Councillors and Burgesses of the Town of Melbourne which was incorporated on 12 August 1842 by An Act to Incorporate the Inhabitants of the Town of Melbourne 6 Victoria No. 7. The name 'Melbourne City Council' replaced the former 'Council of the City of Melbourne' via the City of Melbourne Act 1993. The Town Hall is located at 90-120 Swanston Street, Melbourne VIC 3000.

The purpose of the Council is to:

- Promote the social, economic and environmental viability and sustainability of the municipality
- Ensure that resources are used efficiently and effectively.

The Council's external auditors, advisers and bankers as at 30 June 2015:

- External Auditor – The Victorian Auditor-General's Office
- Internal Auditor – Oakton Services Pty Ltd
- Solicitors - Hunt & Hunt, Ashurst, Maddocks
- Bankers - Westpac Banking Corporation.

The Council's website is www.melbourne.vic.gov.au.

The Consolidated Financial Statements of the Council as at and for the year ended 30 June 2015 comprise the Council, controlled entities and interest in associated entities.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

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 accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (l))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1(m))
- the determination of employee provisions (refer to note 1(s))

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

b) Change in accounting policies

There have been no changes in accounting policies from the previous period.

c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- Citywide Service Solutions Pty Ltd and its subsidiaries
- The Queen Victoria Market Pty Ltd
- The Sustainable Melbourne Fund Trust
- Enterprise Melbourne Pty Ltd.

d) Accounting for investments in associates and joint arrangements***Associates***

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

MAP's Group Pty Ltd (trading as Procurement Australia) and Regent Management Company Pty Ltd are accounted for using the equity method of accounting.

e) Revenue recognition

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

Rates and Charges

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

Statutory fees and fines

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

Monetary and non-monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Dividends

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

Other Income

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income. Fines are recognised as revenue when the penalty is imposed.

f) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by AAS. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across AAS.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

h) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

i) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

j) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

k) Non-current asset classified as held for sale

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

l) Recognition and measurement of property, plant, equipment and infrastructure***Acquisition***

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

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

In accordance with Council's policy, the threshold limits of \$2000 have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22. Property, infrastructure, plant and equipment, and infrastructure.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis every year. The valuation is performed either by experienced Council officers or independent experts.

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

Land under roads

Council recognises land under roads it controls at deemed cost.

Capital and recurrent expenditure

As a general rule, 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.

Leases

The 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.

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 depreciated replacement cost, 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) Depreciation and amortisation of property, infrastructure plant and equipment and intangibles

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

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

Trees, land and artworks are not depreciated as they are considered to have either unlimited useful lives or to be self-generating assets.

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

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Asset recognition thresholds and depreciation periods:

	Depreciation Period (Years)	Threshold Limit \$000
Property		
Land	0	2
Buildings		
Heritage buildings	100	2
Buildings	8-40	2
Leasehold improvements	10-17	2
Plant and equipment		
Plant, machinery and equipment	3-20	2
Fixtures, fittings and furniture	5-10	2
Computers and telecommunications	3-8	2
Library books	4-5	2
Infrastructure		
Road pavements and seals	12-20	2
Road substructure	50-78	2
Road kerb, channel and minor culverts	32-50	2
Bridge deck	15-25	2
Bridge substructure	25-94	2
Footpaths and cycleways	7-50	2
Drainage	90-120	2
Recreational, leisure and community facilities	12-50	2
Parks, open space and streetscapes	0-20	2
Off street car parks	4-15	2
Intangible assets	5-8	2

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.

n) Repairs and maintenance

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

o) Investment property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Comprehensive Income Statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the Comprehensive Income Statement on a straight line basis over the lease term.

p) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

q) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 26).

r) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

The Council does not have borrowings.

s) Employee costs and benefits

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- Present value - component that is not expected to be wholly settled within 12 months
- Nominal value - component that is expected to be wholly settled within 12 months.

Classification of employee costs

Non-current liability: conditional long service leave that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current long service leave liability is measured at present value.

Long service leave entitlements for employees with over seven years of service and all annual leave entitlements are classified as current. Long service leave entitlements for employees with less than seven years of service is classified as non-current.

t) Recognition and measurement of intangibles

Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. 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 annually for impairment.

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 seven year period.

	Goodwill	Software
Useful lives	Indefinite	Finite
Method used	Not depreciated or re-valued	7 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 and reviewed annually for indication of impairment

Customer relationship assets

The fair value of customer relationships acquired is calculated considering the estimated future recurring revenues from existing customers in the acquired operations at the date of the acquisition. Any deferred tax liabilities related to customer relationships are calculated and recorded as a part of goodwill. Customer relationships have a useful life of five years and are amortised on a straight-line basis.

u) Leases

Financial leases

The Council does not have financial leases.

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 10 to 17 year period.

v) Goods and Services Tax (GST)

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

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

w) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the Balance Sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probably that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 35 Contingent Liabilities and Contingent Assets.

x) Allocation Contingent assets and contingent liabilities and commitments (TBC)

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

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

y) Pending Accounting Standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

z) Rounding

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

Note 2. Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 5 per cent or \$1 million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 30 June 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

The budget information provided only relates to the Council. No consolidated budget prepared.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

a) Income and Expenditure

Council	Budget	Actual	Variance		Ref
	2015 \$'000	2015 \$'000	2015 \$'000	%	
Income					
Rates and charges	230,116	231,184	1,068	0%	1
Statutory fees and fines					
Parking fines	40,711	42,316	1,605	4%	2
Other statutory fees and fines	7,527	7,960	433	6%	3
User fees					
Parking fees	46,376	49,269	2,893	6%	4
Other user fees	15,493	15,477	(16)	0%	
Grants - operating	8,299	10,489	2,190	26%	5
Grants - capital	17,446	19,516	2,070	12%	6
Contributions - monetary	3,586	15,497	11,911	332%	7
Contributions - non monetary	-	11,562	11,562	100%	8
Net gain on disposal of property, infrastructure, plant and equipment	146	1,381	1,235	846%	9
Fair value adjustments for investment properties	-	364	364	100%	10
Other income	29,308	30,762	1,454	5%	11
Total Income	399,008	435,777	36,769	9%	
Expenses					
Employee benefit expense	133,686	132,798	888	1%	
Materials and services	158,832	160,621	(1,789)	-1%	12
Bad and doubtful debts	6,859	6,630	229	3%	
Depreciation and amortisation	57,323	57,685	(362)	-1%	
Other expenses	5,229	4,669	560	11%	13
Grants and contributions	12,476	13,217	(741)	-6%	14
Total Expenses	374,405	375,620	(1,215)	0%	
Surplus for the year	24,603	60,157	35,554	145%	
Other Comprehensive Income					
Net asset revaluation increment	-	61,519	61,519	100%	15
Total Other Comprehensive Income	-	61,519	61,519	100%	
Total Comprehensive Result	24,603	121,676	97,073	395%	

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

i. Explanation of material variations

Ref.	Item	Explanation
1	<i>Rates and charges</i>	Due to higher than expected supplementary rate income.
2	<i>Parking fines</i>	Due to higher parking infringements being issued.
3	<i>Other statutory fees and fines</i>	Due to higher planning fees (\$0.29 million) and building fines (\$0.12 million).
4	<i>Parking fees</i>	Due to higher construction zone parking meter fees and towing vehicles fees.
5	<i>Grants - operating</i>	Due to 2015-16 Victorian Grants Commission grants receipt earlier than expected and Creative Victoria grants for management of Meat Market.
6	<i>Grants - capital</i>	Due to 2015-16 Victorian Grants Commission grants (\$0.84 million) receipt earlier than expected, higher grants for Royal and Princes Parks Recreation Infrastructure Improvement (\$0.94 million) and Kathleen Syme Library and Community Centre redevelopment (\$0.28 million).
7	<i>Contributions - monetary</i>	Due to higher public open spaces contributions (\$12.11 million).
8	<i>Contributions - non monetary</i>	Due to external asset contributions on infrastructure (\$9.81 million) and land under roads (\$1.75 million).
9	<i>Net gain on asset disposal</i>	Due to gain on sale of land of 2 Riverside Quay and lane of rear of Collins Street.
10	<i>Fair value adjustments for investment properties</i>	Due to gain (\$0.36 million) on investment asset valuation.
11	<i>Other income</i>	Due mainly to grants-in-kind revenue (\$1.15 million) which is fully offset by grants-in-kind expenditure.
12	<i>Materials and services</i>	Mainly due to higher than expected contractor costs as a result of additional service requirements and costs.
13	<i>Other expenses</i>	Due to lower Fire Service Levy expenditure (\$0.56 million).
14	<i>Grants and contributions</i>	Due to grants-in-kind expenditure (\$1.15 million) which is fully offset by grants-in-kind revenue.
15	<i>Net asset revaluation increment</i>	Due to gain on fixed asset valuation including \$56.63 million on roads & lanes.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

b) Capital Works

Council	Budget	Actual	Variance		Ref
	2015 \$'000	2015 \$'000	2015 \$'000	%	
Property					
Land	-	4	(4)	0%	
Total Land	-	4	(4)	0%	
Buildings					
Buildings	17,273	10,818	6,455	37%	1
Heritage buildings	8,873	8,549	324	4%	
Total Buildings	26,146	19,367	6,779	26%	
Total Property	26,146	19,371	6,775	26%	
Plant & Equipment					
Plant, machinery and equipment	2,911	1,865	1,046	36%	2
Fixtures, fittings and furniture	135	41	94	70%	
Computers and telecommunications	9,244	7,170	2,074	22%	3
Library books	919	915	4	0%	
Total Plant & Equipment	13,209	9,991	3,218	24%	
Infrastructure					
Roads	14,926	13,110	1,816	12%	4
Bridges	1,038	659	379	37%	5
Footpaths and cycleways	4,900	5,480	(580)	-12%	6
Drainage	5,926	3,465	2,461	42%	7
Recreational, leisure and community facilities	100	10	90	90%	
Parks, open space and streetscapes	1,700	1,239	461	27%	8
Statues, sculptures and artworks	680	72	608	89%	9
Other infrastructure	39,960	28,681	11,279	28%	10
Total Infrastructure	69,230	52,716	16,514	24%	
Total capital works expenditure	108,585	82,078	26,507	24%	
Represented by:					
New asset expenditure	54,252	39,494	14,758	27%	
Asset renewal expenditure	49,699	39,934	9,765	20%	
Asset expansion expenditure	1,050	485	565	54%	
Asset upgrade expenditure	3,584	2,165	1,419	40%	
Total capital works expenditure	108,585	82,078	26,507	24%	

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

i. Explanation of material variations

Ref.	Item	Explanation
1	<i>Buildings</i>	Due to property services renewal works (\$2.8 million) carried forward to 2015-16, a surplus on property services due to tenders being lower than expected (\$1.7 million) and Dockland park project and Boating Hub project (\$1.34 million) yet to be completed.
2	<i>Plant, machinery and equipment</i>	Due to lower motor vehicle replacement (\$0.18 million) and Christmas decorations refurbishments (\$0.15 million), IT fit out in Kensington Town Hall (\$0.18 million) and development of Solar Panel Arrays (\$0.16 million) carried forward 2015-16.
3	Computers and telecommunications	Due to IT renewal and new projects (\$2.02 million) carried forward to 2015-16.
4	<i>Roads</i>	Due to carry forward bicycle improvement program (\$1.28 million), urban renewal design development projects (\$0.30 million) and roadway renewal projects (\$0.23 million) being carried forward to 2015-16.
5	<i>Bridges</i>	Due to Princess Bridge bluestone repair works (\$0.24 million) and Arden Bridge strengthening works (0.15 million) being deferred.
6	<i>Footpaths and cycleways</i>	Due to funds for World Trade Centre project works being released later than expected (\$0.57 million).
7	<i>Drainage</i>	Due to delays on Stormwater Harvesting projects (\$0.30 million), Wells Street flood mitigation project (\$0.95 million) and Kings Street/Collins Street drainage renewal project (\$0.70 million) being carried forward to 2015-16.
8	<i>Parks, open space and streetscapes</i>	Due to lower costs for streetscape projects (\$0.33 million including \$0.18 million carried forward to year 2015-16) and Lonsdale Street tree replacement projects (\$0.11 million) being carried forward to year 15/16.
9	<i>Statues, sculptures and artworks</i>	Due to delay in Public Art Program (\$0.61 million) including Tunnerminnerwait and Maulboyheenner marker project, Green Transfer project and Maxims de-installation project.
10	<i>Other infrastructure</i>	Due mainly to works (\$5.39 million) including water projects such as Lincoln Square and University Square for funding received from Office of Living Victoria being delayed as a result of agreement negotiation. Parks Recreation Infrastructure Improvement projects (\$2.33 million) and St Kilda Road tree replacement (\$0.60 million) being carried forward to 2015-16.

REVENUE

Note 3. Rates and charges

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 valuation base used to calculate general rates for 2014-15 was \$5,206 million (2013-14 \$4,773 million).

	Valuation base		Rate in \$	
	2015 \$'000	2014 \$'000	2015	2014
Residential	1,827,534	1,667,954	4.04690	4.05905
Non-Residential	3,324,224	3,053,230	4.59010	4.77439
Cultural & recreational	54,656	52,257		
	5,206,414	4,773,441		

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
General rates				
- Residential	73,521	67,703	73,521	67,703
- Non-Residential	152,737	145,567	153,002	145,773
Cultural & recreational	397	383	397	383
Supplementary rates and rate adjustments	4,264	(22)	4,264	(22)
	230,919	213,631	231,184	213,837

The date of the latest general valuation of land for rating purposes within the municipal district was 1 January 2014 and the valuation first applied to the rating period commencing 1 July 2014. The valuation for rating purposes is performed on a two year cycle.

Note 4. Statutory fees and fines

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Infringements and costs				
Parking fines	42,316	38,495	42,316	38,495
General fines	1,498	1,763	1,498	1,763
Court recoveries	1	3	1	3
Town planning fees	2,060	1,998	2,060	1,998
Land Information Certificates	182	192	182	192
Permits	1,310	1,267	1,310	1,267
Food and Health Act registration	2,909	2,648	2,909	2,648
	50,276	46,366	50,276	46,366

Note 5. User fees

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Aged and health services	300	300	300	300
Leisure centre and recreation	4,641	4,565	4,643	4,567
Child care/children's programs	2,693	2,693	2,693	2,693
Parking	53,648	50,828	49,269	46,796
Registration and other permits	1,759	1,766	1,759	1,766
Building services	3,597	4,320	3,597	4,320
Waste management services	44	44	44	44
Berthing	665	634	665	634
Other fees and charges	2,466	2,043	1,776	1,357
	69,813	67,193	64,746	62,477

Note 6. Grants

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Summary of Grants				
Commonwealth funded grants	986	1,151	986	1,151
State funded grants	29,019	22,384	29,019	22,384
	30,005	23,535	30,005	23,535
Operating Grants				
<i>Recurrent - Commonwealth Government</i>				
General home care	181	175	181	175
Other	43	177	43	177
	224	352	224	352
<i>Recurrent - State Government</i>				
Victoria Grants Commission	3,610	1,166	3,610	1,166
Aged care	2,796	2,634	2,796	2,634
Libraries	761	675	761	675
Maternal & Child Health	518	493	518	493
Pre School Services	316	323	316	323
Support Services for Families	323	493	323	493
Disability Services Grant	122	117	122	117
Other	918	735	918	735
	9,364	6,636	9,364	6,636
Total Recurrent Operating Grants	9,588	6,988	9,588	6,988
<i>Non-recurrent - Commonwealth Government</i>				
Arts Programs	315	323	315	323
Other	-	34	-	34
	315	357	315	357
<i>Non-recurrent - State Government</i>				
Libraries	-	10	-	10
Arts Grants	-	111	-	111
Other	586	1,636	586	1,636
	586	1,757	586	1,757
Total Non-recurrent Operating Grants	901	2,114	901	2,114
Total Operating Grants	10,489	9,102	10,489	9,102

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 6. Grants (cont'd)

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Capital Grants				
<i>Recurrent - Commonwealth Government</i>				
Roads to recovery	327	348	327	348
Park & Gardens	-	14	-	14
	327	362	327	362
<i>Recurrent - State Government</i>				
Parking Levy	7,000	7,000	7,000	7,000
Road & Streets	1,003	682	1,003	682
	8,003	7,682	8,003	7,682
Total Recurrent Capital Grants	8,330	8,044	8,330	8,044
<i>Non-recurrent - Commonwealth Government</i>				
Other	120	80	120	80
	120	80	120	80
<i>Non-recurrent - State Government</i>				
Buildings	288	402	288	402
Sporting Facility	3,525	1,410	3,525	1,410
Northbank Promenade	-	2,997	-	2,997
Park & Gardens	4,525	-	4,525	-
Water Initiatives	178	-	178	-
Road & Streets	250	-	250	-
Living Victoria Fund	2,300	1,500	2,300	1,500
	11,066	6,309	11,066	6,309
Total Non-recurrent Capital Grants	11,186	6,389	11,186	6,389
Total Capital Grants	19,516	14,433	19,516	14,433

Conditions on grants

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
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:				
Grants for capital works	4,999	5,266	4,999	5,266
Grants for other purposes	398	1,038	398	1,038
	5,397	6,304	5,397	6,304
Deduct				
Grants which were recognised as revenues in prior year and which were expended during the current year in the manner specified were:				
Grants for capital works	5,266	6,156	5,266	6,156
Grants for other purposes	1,038	317	1,038	317
	6,304	6,473	6,304	6,473
Net decrease in restricted assets resulting from grant revenue for the financial year	(907)	(169)	(907)	(169)

Note 7. Contributions

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Public Open Space Contributions	12,111	6,743	12,111	6,743
Child Care Benefit	1,834	1,597	1,834	1,597
Sponsorships	873	900	575	754
Non-Government - Capital	314	173	314	173
Other Contributions	663	239	663	239
Total Monetary Contributions	15,795	9,652	15,497	9,506
Land	1,750	7,565	1,750	7,565
Buildings	-	330	-	330
Infrastructure	9,812	-	9,812	-
Total Non-Monetary Contributions	11,562	7,895	11,562	7,895
Total Contributions	27,357	17,547	27,059	17,401

Note 8. Net gain on disposal of property, infrastructure, plant and equipment

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Land & Buildings & Infrastructure				
Proceeds of sales	1,477	1,302	1,477	1,302
Written down value of assets disposed	(62)	(245)	(62)	(245)
Gain/(Loss) on sale	1,415	1,057	1,415	1,057
Plant, Equipment				
Proceeds of sales	1,102	660	450	517
Written down value of assets disposed	(484)	(620)	(484)	(620)
(Loss)/Gain on sale	618	40	(34)	(103)
Total proceeds of sale	2,579	1,962	1,927	1,819
Total written down value of assets disposed	(546)	(865)	(546)	(865)
Total net gain on disposal of property, infrastructure, plant and equipment	2,033	1,097	1,381	954

Note 9. Other income

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest	3,851	4,339	3,417	3,884
Dividends	-	-	2,744	3,662
Investment property/market rentals	25,657	24,227	7,724	7,110
Intercompany revenue	-	-	9,142	9,164
Sales & recoveries*	188,450	193,921	7,409	5,085
Project income	456	1,050	326	579
Total Other Income	218,414	223,537	30,762	29,484

*Sales & recoveries consolidated includes Citywide rendering of services revenue.

EXPENSE

Note 10. Employee benefit expenses

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Wages and salaries	176,159	176,981	101,121	101,362
WorkCover	3,280	2,943	886	567
Casual staff	4,829	3,851	4,675	3,987
Superannuation	17,926	17,078	11,262	10,749
Fringe benefits tax	1,878	2,112	464	585
Annual leave and long services leave	21,274	18,863	14,390	12,231
	225,346	221,828	132,798	129,481

Superannuation

Council made contributions to the following funds:

- Defined benefit fund (Vision Super)

Accumulated funds (Vision Super and other funds)

- Melbourne City Council Superannuation Sub Plan (Vision Super)

Council's contributions and exposure in relation to super funds are detailed at note 36.

Note 11. Materials and services

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Contract payments	125,355	124,318	108,726	104,194
Building maintenance	729	2,047	472	1,657
General maintenance	30,031	28,087	10,986	9,625
Utilities	11,386	11,443	7,577	8,003
Administration/Supplies	45,756	48,819	14,417	14,134
Information technology	5,512	4,953	4,242	3,842
Insurance	3,391	2,786	1,496	1,622
Consultant	17,249	18,556	12,705	14,153
	239,409	241,009	160,621	157,230

Note 12. Bad and doubtful debts

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Parking fine debtors	6,487	3,561	6,487	3,561
Other debtors	267	6	143	1
	6,754	3,567	6,630	3,562

Note 13. Depreciation and amortisation

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property	7,470	6,569	6,893	6,077
Plant and equipment	20,732	19,579	7,945	6,610
Infrastructure	39,553	39,269	39,468	39,269
Intangible assets	6,337	4,050	3,379	3,325
	74,092	69,467	57,685	55,281

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Note 14. Borrowing costs

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest - Borrowings	164	353	-	-
	164	353	-	-

Note 15. Other items of expenses

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Auditors' remuneration-VAGO-audit of the financial statements	229	174	129	127
Audit services - external other	32	50	32	50
Audit services - internal	450	434	196	235
Fire brigade levy	105	111	105	111
Taxes and levies	2,197	1,596	885	702
Operating lease rental	4,301	4,008	1,639	1,582
Other costs	2,031	2,366	1,683	2,443
	9,345	8,739	4,669	5,250

ASSETS

Note 16. Cash and cash equivalents

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash on hand	76	80	37	41
Cash at bank	88,378	8,509	81,783	6,875
Term deposits	30,518	80,435	24,699	74,423
Cash and Cash Equivalents	118,972	89,024	106,519	81,339

Council has cash and cash equivalents that are subject to external restrictions that limit amounts available for discretionary use. These include:

	Consolidated			Council	
	2015 \$'000	2014 \$'000	Note	2015 \$'000	2014 \$'000
Trust funds and deposits	8,526	7,057	26	6,111	4,901
Reserve funds (Public Open Space)	18,671	13,906	29	18,671	13,906
Total restricted funds	27,197	20,963		24,782	18,807
Total unrestricted cash and cash equivalents	91,775	68,061		81,737	62,532

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash held to fund carried forward capital works	27,417	21,452	27,417	21,452
Total funds subject to intended allocations	27,417	21,452	27,417	21,452

Note 17. Trade and other receivables

Current	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Rate debtors	818	2,878	818	2,879
Parking infringement debtors	31,265	27,814	31,265	27,814
Provision for doubtful debts - Parking infringements	(16,633)	(14,732)	(16,633)	(14,732)
Other debtors	31,445	33,502	5,185	5,044
Provision for doubtful debts - other debtors	(794)	(556)	(371)	(246)
Net GST receivable	2,896	8,789	5,286	5,867
Total current trade and other receivables	48,997	57,695	25,550	26,626

Ageing of receivables - other debtors	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current (not yet due)	25,465	26,582	3,012	3,017
Past due by up to 30 days	3,277	4,625	1,093	1,462
Past due between 31 and 180 days	2,339	2,063	880	371
Past due between 181 and 365 days	280	132	116	94
Past due by more than 1 year	84	100	84	100
Total	31,445	33,502	5,185	5,044

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Provision for doubtful debts	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Provision for doubtful debts - Parking infringement	16,633	14,732	16,633	14,732
Provision for doubtful debts - Trade debtors	794	556	371	246
Total	17,427	15,288	17,004	14,978

Movement in doubtful debts - parking infringement	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	14,732	16,189	14,732	16,189
New provisions recognised	6,487	3,561	6,487	3,561
Amounts written off as uncollectible	(6,984)	(7,528)	(6,984)	(7,528)
Amounts recovered during the year	2,398	2,510	2,398	2,510
Balance at the end of the year	16,633	14,732	16,633	14,732

Movement in doubtful debts - trade debtors	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	556	610	246	286
New provisions recognised	279	3	126	(41)
Amounts written off as uncollectible	(124)	(57)	(84)	(16)
Amounts recovered during the year	83	-	83	17
Balance at the end of the year	794	556	371	246

Ageing of impaired receivables

At balance date, trade debtors representing financial assets with a nominal value of \$0.794 million (2014: \$0.556 million) were impaired. The amount of the new provision raised against these debtors was \$0.279 million (2014: \$0.003 million). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of trade receivables that have been individually determined as impaired at reporting date was:

Ageing of receivables (impaired)	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current (not yet due)	169	183	-	-
Past due by up to 30 days	67	74	-	-
Past due between 31 and 180 days	143	65	129	50
Past due between 181 and 365 days	332	120	159	82
Past due by more than 1 year	83	114	83	114
Total	794	556	371	246

Note 18. Other financial assets

Term deposits*	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
	5,300	21,700	2,000	18,000
	5,300	21,700	2,000	18,000

*Term deposits with an original maturity date of greater than three months from the balance date of the financial statements.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 19. Inventories

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Inventory held for distribution	816	656	-	-
	816	656	-	-

Note 20. Other assets

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Prepayments	2,027	1,307	2,430	156
Deposit of property purchase*	7,600	-	7,600	-
Accrued income	6,033	5,316	1,927	1,109
Other	-	-	707	2,655
	15,660	6,623	12,664	3,920

* Deposit of property purchase - \$7.6 million deposit paid for Munro site purchase (total cost is \$76 million, balance to be paid in 2015-16). The Council believes the Munro site to be of unprecedented strategic importance to the people of Melbourne and for the future of the Queen Victoria Market precinct.

Note 21. Investments

Non-Current	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
a) Subsidiaries				
CityWide Service Solutions Pty Ltd	-	-	18,406	18,406
Queen Victoria Market Pty Ltd	-	-	200	200
Investment in Sustainable Melbourne Fund	-	-	5,803	6,035
Enterprise Melbourne*	-	-	-	-
	-	-	24,409	24,641
b) Associates				
Regent Management Company Pty Ltd	7,000	7,425	7,000	7,425
MAPS Group Ltd (Procurement Australia)	250	250	250	250
	7,250	7,675	7,250	7,675
	7,250	7,675	31,659	32,316

* Investment in Enterprise Melbourne is \$2.

Note 21. Investments (cont'd)**a) Subsidiaries*****Citywide Service Solutions Pty Ltd (100% owned subsidiary of Council)***

The Company is a proprietary company incorporated under the Corporations Act 2001, and is domiciled in Australia. The Company's registered office and principal place of business is Level 1, 150 Jolimont Road, East Melbourne VIC 3002.

Citywide has 100% equity interest in the following subsidiaries: Sterling Group Services Pty Ltd, AWD Earthmoving Pty Ltd, Technigro Australia Pty Ltd and Technigro Pty Ltd.

The principal activities are to meet the contract service needs of local government, other government and private and public sector corporations and the community by providing a comprehensive range of quality, physical services.

Council has 100% voting rights which clearly demonstrate power over investee and the ability to affect the amount of the investor's returns. Council is exposed to variable returns in the form of dividends and tax equivalent payments. Controlling interest held.

	2015 \$'000	2014 \$'000
Summarised statement of comprehensive income		
Total income	245,698	251,933
Total expenses	242,329	244,435
Surplus/(deficit) for the year	3,369	7,498
Other comprehensive income	-	-
Total comprehensive result	3,369	7,498
Summarised balance sheet		
Current assets	52,520	45,307
Non-current assets	88,352	96,183
Total assets	140,872	141,490
Current liabilities	57,046	53,546
Non-current liabilities	6,975	11,862
Total liabilities	64,021	65,408
Net assets	76,851	76,082
Summarised statement of cash flows		
Net cash provided/(used in) operating activities	23,558	13,972
Net cash provided/(used in) investing activities	(8,964)	(13,754)
Net cash provided/(used in) financing activities	(9,400)	(800)
Net increase / (decrease) in cash and cash equivalents	5,194	(582)

Subsidiaries (cont'd)**Queen Victoria Market Pty Ltd (100% owned subsidiary of Council)**

The principal activities are to ensure that the market maintains and enhances an industry reputation as Australia's foremost leading market, whilst meeting world's best practice standards.

Council has 100% voting rights which clearly demonstrate power over investee and the ability to affect the amount of the investor's returns. Council is exposed to variable returns in the form of dividends and tax equivalent payments. Controlling interest held.

	2015 \$'000	2014 \$'000
Summarised statement of comprehensive income		
Total income	23,314	22,015
Total expenses	22,950	21,425
Surplus/(deficit) for the year	364	590
Other comprehensive income	-	-
Total comprehensive result	364	590
Summarised balance sheet		
Current assets	7,540	6,761
Non-current assets	3,095	3,216
Total assets	10,635	9,977
Current liabilities	3,520	3,131
Non-current liabilities	1,771	1,722
Total liabilities	5,291	4,853
Net assets	5,344	5,124
Summarised statement of cash flows		
Net cash provided/(used in) operating activities	548	493
Net cash provided/(used in) investing activities	(157)	1,171
Net cash provided/(used in) financing activities	(252)	(388)
Net increase / (decrease) in cash and cash equivalents	139	1,276

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Subsidiaries (cont'd)***Sustainable Melbourne Fund Trust (100% owned subsidiary of Council)***

A self-sustaining fund set up by the Council which invests funds in projects with environmental benefits to the City. The projects may extend beyond the boundaries of the Council to the broader state of Victoria, reflecting the position of Melbourne as the capital city of Victoria.

Council has 100% voting rights which clearly demonstrate power over investee and the ability to affect the amount of the investor's returns. Council is exposed to variable returns in the form of dividend payments. Controlling interest held.

	2015 \$'000	2014 \$'000
Summarised statement of comprehensive income		
Total income	386	397
Total expenses	(618)	(575)
Surplus/(deficit) for the year	(232)	(178)
Other comprehensive income	-	-
Total comprehensive result	(232)	(178)
Summarised balance sheet		
Current assets	5,079	5,723
Non-current assets	795	378
Total assets	5,874	6,101
Current liabilities	57	52
Non-current liabilities	14	14
Total liabilities	71	66
Net assets	5,803	6,035
Summarised statement of cash flows		
Net cash provided/(used in) operating activities	(440)	574
Net cash provided/(used in) investing activities	400	-
Net cash provided/(used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(40)	574

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Subsidiaries (cont'd)***Enterprise Melbourne Pty Ltd (100% owned subsidiary of Council)***

Enterprise Melbourne was established by the Council to drive economic development for the city through supporting existing business growth, as well as attracting new local and international investment.

Council has 100% voting rights which clearly demonstrate power over investee and the ability to affect the amount of the investor's returns. Council is exposed financially to entity as it funds its operations. Controlling interest held.

	2015 \$'000	2014 \$'000
Summarised statement of comprehensive income		
Total income	2	12
Total expenses	369	278
Surplus/(deficit) for the year	<u>(367)</u>	<u>(266)</u>
Other comprehensive income	-	-
Total comprehensive result	<u>(367)</u>	<u>(266)</u>
Summarised balance sheet		
Current assets	59	46
Non-current assets	-	-
Total assets	<u>59</u>	<u>46</u>
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>59</u>	<u>46</u>
Summarised statement of cash flows		
Net cash provided/(used in) operating activities	(367)	(266)
Net cash provided/(used in) investing activities	-	-
Net cash provided/(used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	<u>(367)</u>	<u>(266)</u>

b) Associates

Regent Management Company (50% owned by Council)

- Council and the State Government of Victoria hold an equal 50% share in this entity. Council has 50% voting rights. Both parties collectively control the entity but neither party can direct activities without co-operation of the other. Therefore a significant interest is held but not a controlling interest.
- Regent Management Pty Ltd reported an operating profit of \$408,063 for year ended 30 June 2015 and an operating loss of \$393,471 for the previous year.
- The latest valuation of the Regent Management Company Pty Ltd's assets was undertaken on 29 June 2015 on the basis of fair value by a qualified valuer Beau Jarvis, Certified Practising Valuer, member of Australian Property Institute, member number 77334. Land and building values are \$14.000 million as at 30 June 2015.

MAPS Group Ltd (63% owned by Council)

- MAPS Group Ltd (MAPS) has issued a total of 396,862 fully paid ordinary shares. Council holds 250,000 shares in the Company, being 63 per cent of the issued capital of the Company. However due to the company constitution the Council has 9% of voting rights (does not have the ability to direct activities of the entity without the co-operation of the other Councils). Therefore a significant interest is held but not a controlling interest.
- MAPS reported an operating profit for the year ending 30 September 2014 of \$910,536 compared to a loss of \$928,782 for the previous year. The Company paid a dividend for the 2014 financial year of 21.5 cents per share. Dividend payment of \$53,750 was received on 12 December 2014. Net assets are \$3.20 million as at 30 September 2014.

Note 22. Property, infrastructure, plant and equipment

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property				
Land	1,640,430	1,624,134	1,628,922	1,612,626
Buildings	300,550	289,437	295,806	285,002
Works in progress	28,418	30,270	28,241	30,126
	1,969,398	1,943,841	1,952,969	1,927,754
Plant and equipment				
Plant, machinery and equipment	58,680	62,405	14,299	14,518
Fixtures, fittings and furniture	1,759	2,306	986	1,469
Computers and telecomms	16,856	14,142	15,069	12,614
Library books	4,738	3,702	4,738	3,702
	82,033	82,555	35,092	32,303
Infrastructure				
Roads	731,875	672,175	731,875	672,175
Bridges	94,193	93,100	94,193	93,100
Footpaths and cycleways	140,877	140,196	140,877	140,196
Drainage	129,734	118,950	129,734	118,950
Recreational, leisure and community	4,712	4,379	4,712	4,379
Parks, open spaces and streetscapes	38,565	38,460	38,565	38,460
Other infrastructure	188,801	176,754	188,801	176,754
Statues, sculptures and artworks	48,931	49,305	48,931	49,305
Works in progress	72,635	87,928	72,449	87,235
	1,450,323	1,381,247	1,450,137	1,380,554
Total property, plant, equipment and infrastructure	3,501,754	3,407,643	3,438,198	3,340,611

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Note 22. Property, infrastructure plant and equipment (cont'd)

Property

Consolidated \$'000	Land - specialised	Land - non specialised	Total Land	Heritage Buildings	Buildings - specialised	Buildings - non specialised	Leasehold Improvements	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2014	1,522,090	102,044	1,624,134	142,110	92,954	52,767	6,844	294,675	30,270	1,949,079
Accumulated depreciation at 1 July 2014	-	-	-	-	(1,942)	-	(3,296)	(5,238)	-	(5,238)
	1,522,090	102,044	1,624,134	142,110	91,012	52,767	3,548	289,437	30,270	1,943,841
Movements in fair value										
Acquisition of assets at fair value	-	-	-	-	53	-	509	562	20,820	21,382
Transfers from WIP	3,052	-	3,052	11,859	6,072	1,114	341	19,386	(22,672)	(234)
Revaluation increments/decrements	10,618	876	11,494	1,837	(5,797)	1,178	-	(2,782)	-	8,712
Fair value of assets disposed	-	-	-	-	(45)	-	(30)	(75)	-	(75)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Reclassify and contributed assets	1,750	-	1,750	-	1,420	-	-	1,420	-	3,170
	15,420	876	16,296	13,696	1,703	2,292	820	18,511	(1,852)	32,955
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	-	(1,436)	(3,200)	(2,292)	(541)	(7,469)	-	(7,469)
Accumulated depreciation of disposals	-	-	-	-	45	-	26	71	-	71
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	-	(1,436)	(3,155)	(2,292)	(515)	(7,398)	-	(7,398)
At fair value 30 June 2015	1,537,510	102,920	1,640,430	155,806	94,657	55,059	7,664	313,186	28,418	1,982,034
Accumulated depreciation at 30 June 2015	-	-	-	(1,436)	(5,097)	(2,292)	(3,811)	(12,636)	-	(12,636)
	1,537,510	102,920	1,640,430	154,370	89,560	52,767	3,853	300,550	28,418	1,969,398

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 22. Property, infrastructure plant and equipment (cont'd)

Property

Council \$'000	Land - specialised	Land - non specialised	Total Land	Heritage Buildings	Buildings - specialised	Buildings - non specialised	Leasehold Improvements	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2014	1,510,582	102,044	1,612,626	142,110	88,357	52,767	2,776	286,010	30,126	1,928,762
Accumulated depreciation at 1 July 2014	-	-	-	-	-	-	(1,008)	(1,008)	-	(1,008)
	1,510,582	102,044	1,612,626	142,110	88,357	52,767	1,768	285,002	30,126	1,927,754
Movements in fair value										
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	20,460	20,460
Transfers from WIP	3,052	-	3,052	11,859	6,072	1,114	14	19,059	(22,345)	(234)
Revaluation increments/decrements	10,618	876	11,494	1,837	(5,797)	1,178	-	(2,782)	-	8,712
Fair value of assets disposed	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Reclassify and contributed assets	1,750	-	1,750	-	1,420	-	-	1,420	-	3,170
	15,420	876	16,296	13,696	1,695	2,292	14	17,697	(1,885)	32,108
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	-	(1,436)	(3,002)	(2,292)	(163)	(6,893)	-	(6,893)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	-	(1,436)	(3,002)	(2,292)	(163)	(6,893)	-	(6,893)
At fair value 30 June 2015	1,526,002	102,920	1,628,922	155,806	90,052	55,059	2,790	303,707	28,241	1,960,870
Accumulated depreciation at 30 June 2015	-	-	-	(1,436)	(3,002)	(2,292)	(1,171)	(7,901)	-	(7,901)
	1,526,002	102,920	1,628,922	154,370	87,050	52,767	1,619	295,806	28,241	1,952,969

Note 22. Property, infrastructure plant and equipment (cont'd)**Plant and equipment**

Consolidated \$'000	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total plant and equipment
At fair value 1 July 2014	148,626	7,171	30,777	9,239	195,813
Accumulated depreciation at 1 July 2014	(86,221)	(4,865)	(16,635)	(5,537)	(113,258)
	62,405	2,306	14,142	3,702	82,555
Movements in fair value					
Acquisition of assets at fair value	11,881	233	7,003	2,262	21,379
Transfers from WIP	-	-	-	-	-
Revaluation increments/decrements	-	-	-	-	-
Fair value of assets disposed	(6,254)	(5)	(63)	-	(6,322)
Impairment losses recognised in operating result	-	-	-	-	-
Reclassify and contributed assets	-	-	-	-	-
	5,627	228	6,940	2,262	15,057
Movements in accumulated depreciation					
Depreciation and amortisation	(14,521)	(780)	(4,289)	(1,226)	(20,816)
Accumulated depreciation of disposals	5,169	5	63	-	5,237
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(9,352)	(775)	(4,226)	(1,226)	(15,579)
At fair value 30 June 2015	154,253	7,399	37,717	11,501	210,870
Accumulated depreciation at 30 June 2015	(95,573)	(5,640)	(20,861)	(6,763)	(128,837)
	58,680	1,759	16,856	4,738	82,033

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 22. Property, infrastructure plant and equipment (cont'd)

Plant and equipment

Council \$'000	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total plant and equipment
At fair value 1 July 2014	33,327	5,180	25,139	9,239	72,885
Accumulated depreciation at 1 July 2014	(18,809)	(3,711)	(12,525)	(5,537)	(40,582)
	14,518	1,469	12,614	3,702	32,303
Movements in fair value					
Acquisition of assets at fair value	2,983	57	5,916	2,262	11,218
Transfers from WIP	-	-	-	-	-
Revaluation increments/decrements	-	-	-	-	-
Fair value of assets disposed	(992)	-	(63)	-	(1,055)
Impairment losses recognised in operating result	-	-	-	-	-
Reclassify and contributed assets	-	-	-	-	-
	1,991	57	5,853	2,262	10,163
Movements in accumulated depreciation					
Depreciation and amortisation	(2,718)	(540)	(3,461)	(1,226)	(7,945)
Accumulated depreciation of disposals	508	-	63	-	571
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(2,210)	(540)	(3,398)	(1,226)	(7,374)
At fair value 30 June 2015	35,318	5,237	30,992	11,501	83,048
Accumulated depreciation at 30 June 2015	(21,019)	(4,251)	(15,923)	(6,763)	(47,956)
	14,299	986	15,069	4,738	35,092

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 22. Property, infrastructure plant and equipment (cont'd)

Infrastructure

Consolidated \$'000	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Other infrastructure	Statues, sculptures and artworks	Work In Progress	Total Infrastructure
At fair value 1 July 2014	672,175	93,100	140,196	118,950	4,876	38,460	176,754	55,815	87,928	1,388,254
Accumulated depreciation at 1 July 2014	-	-	-	-	(497)	-	-	(6,510)	-	(7,007)
	672,175	93,100	140,196	118,950	4,379	38,460	176,754	49,305	87,928	1,381,247
Movements in fair value										
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	45,508	45,508
Transfers from WIP	15,159	318	13,135	14,014	638	1,614	15,615	308	(60,801)	-
Revaluation increments/decrements	55,718	2,142	(9,372)	(2,226)	39	(1,509)	8,446	-	-	53,238
Fair value of assets disposed	(12)	-	-	-	-	-	-	-	-	(12)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Reclassify and contributed assets	4,588	-	4,519	705	-	-	-	-	-	9,812
	75,453	2,460	8,282	12,493	677	105	24,061	308	(15,293)	108,546
Movements in accumulated depreciation										
Depreciation and amortisation	(15,753)	(1,367)	(7,601)	(1,709)	(344)	-	(12,014)	(682)	-	(39,470)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	(15,753)	(1,367)	(7,601)	(1,709)	(344)	-	(12,014)	(682)	-	(39,470)
At fair value 30 June 2015	747,628	95,560	148,478	131,443	5,553	38,565	200,815	56,123	72,635	1,496,800
Accumulated depreciation at 30 June 2015	(15,753)	(1,367)	(7,601)	(1,709)	(841)	-	(12,014)	(7,192)	-	(46,477)
	731,875	94,193	140,877	129,734	4,712	38,565	188,801	48,931	72,635	1,450,323

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 22. Property, infrastructure plant and equipment (cont'd)

Infrastructure

Council \$'000	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Other infrastructure	Statues, sculptures and artworks	Work In Progress	Total Infrastructure
At fair value 1 July 2014	672,175	93,100	140,196	118,950	4,876	38,460	176,754	55,815	87,235	1,387,561
Accumulated depreciation at 1 July 2014	-	-	-	-	(497)	-	-	(6,510)	-	(7,007)
	672,175	93,100	140,196	118,950	4,379	38,460	176,754	49,305	87,235	1,380,554
Movements in fair value										
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	46,015	46,015
Transfers from WIP	15,159	318	13,135	14,014	638	1,614	15,615	308	(60,801)	-
Revaluation increments/decrements	55,718	2,142	(9,372)	(2,226)	39	(1,509)	8,446	-	-	53,238
Fair value of assets disposed	(12)	-	-	-	-	-	-	-	-	(12)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Reclassify and contributed assets	4,588	-	4,519	705	-	-	-	-	-	9,812
	75,453	2,460	8,282	12,493	677	105	24,061	308	(14,786)	109,053
Movements in accumulated depreciation										
Depreciation and amortisation	(15,753)	(1,367)	(7,601)	(1,709)	(344)	-	(12,014)	(682)	-	(39,470)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	(15,753)	(1,367)	(7,601)	(1,709)	(344)	-	(12,014)	(682)	-	(39,470)
At fair value 30 June 2015	747,628	95,560	148,478	131,443	5,553	38,565	200,815	56,123	72,449	1,496,614
Accumulated depreciation at 30 June 2015	(15,753)	(1,367)	(7,601)	(1,709)	(841)	-	(12,014)	(7,192)	-	(46,477)
	731,875	94,193	140,877	129,734	4,712	38,565	188,801	48,931	72,449	1,450,137

Note 22. Property, infrastructure, plant and equipment (cont'd)**a) Valuation of property**

Valuation of land and buildings were undertaken by a qualified valuer Beau Jarvis, Certified Practising Valuer, member of Australian Property Institute, member number 77334. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-specialised land	-	95,000	7,920	102,920
Specialised land	-	13,110	1,512,892	1,526,002
Total land	-	108,110	1,520,812	1,628,922
Heritage Buildings	-	11,000	143,370	154,370
Buildings	-	48,776	92,660	141,436
Total buildings	-	59,776	236,030	295,806

No transfers between levels occurred during the year.

b) Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Thyagie Wettasinghe, Asset Engineer, Master of Asset Management.

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 22. Property, infrastructure, plant and equipment (cont'd)

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Roads	-	-	731,875	731,875
Bridges	-	-	94,193	94,193
Footpaths and cycleways	-	-	140,877	140,877
Drainage	-	-	129,734	129,734
Recreational, leisure and community facilities	-	-	4,712	4,712
Parks, open space and streetscapes	-	-	38,565	38,565
Other infrastructure	-	-	188,801	188,801
Total Infrastructure	-	-	1,328,757	1,328,757

No transfers between levels occurred during the year.

c) Description of significant unobservable inputs into Level 3 valuations

Council	2015 \$'000	2014 \$'000
Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$10,000 and \$278,000,000.	1,526,002	1,510,582
Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$275 to \$34,713 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.	87,050	88,357
Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure asses are determined on the basis of the current condition of the asset and vary from 10 years to 189 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.	1,328,757	1,244,014

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

d) Reconciliation of specialised land

Council	2015 \$'000	2014 \$'000
Land under roads	17,200	15,450
Parks and reserves	1,508,802	1,495,132
Total specialised land	1,526,002	1,510,582

Note 23. Investment property

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Land				
Balance at beginning of financial year	46,364	41,174	46,364	41,174
Additions	-	-	-	-
Disposals	(50)	-	(50)	-
Fair value adjustment	30	5,190	30	5,190
Balance at end of financial year	46,344	46,364	46,344	46,364
Buildings				
Balance at beginning of financial year	67,425	66,975	67,425	66,975
Additions	1,385	-	1,385	-
Disposals	-	-	-	-
Transfer	(1,420)	-	(1,420)	-
Fair value adjustment	335	450	335	450
Balance at end of financial year	67,725	67,425	67,725	67,425
Total investment properties	114,069	113,789	114,069	113,789

Valuation of investment property

Valuation of investment property has been determined in accordance with a valuation by a qualified valuer Beau Jarvis, Certified Practising Valuer, member of Australian Property Institute, member number 77334. The valuation is at fair value, based on the current market value for the property.

Note 24. Intangible assets

a) Intangible assets

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Software	10,853	11,004	10,853	11,004
Goodwill	22,770	25,928	-	-
Customer relationships	974	1,275	-	-
	34,597	38,207	10,853	11,004

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 24. Intangible assets (cont'd)

Consolidated	Software	Goodwill	Customer relationships	Total
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at 1 July 2013	29,033	20,240	-	49,273
Additions from acquisition	5,592	6,188	1,500	13,280
Other	-	(500)	-	(500)
Balance at 1 July 2014	34,625	25,928	1,500	62,053
Additions from acquisition	3,227	-	-	3,227
Other	(15,407)	(500)	-	(15,907)
Balance at 30 June 2015	22,445	25,428	1,500	49,373
Accumulated amortisation and impairment				
Balance at 1 July 2013	(20,295)	-	-	(20,295)
Amortisation expense	(3,326)	-	(225)	(3,551)
Balance at 1 July 2014	(23,621)	-	(225)	(23,846)
Amortisation expense	(3,378)	-	(301)	(3,679)
Impairment expense	-	(2,658)	-	(2,658)
Amortisation written back	15,407	-	-	15,407
Balance at 30 June 2015	(11,592)	(2,658)	(526)	(14,776)
				-
Net book value at 30 June 2014	11,004	25,928	1,275	38,207
Net book value at 30 June 2015	10,853	22,770	974	34,597

Council	Software	Goodwill	Customer relationships	Total
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at 1 July 2013	29,033	-	-	29,033
Additions from acquisition	5,592	-	-	5,592
Other	-	-	-	-
Balance at 1 July 2014	34,625	-	-	34,625
Additions from acquisition	3,227	-	-	3,227
Other	(15,407)	-	-	(15,407)
Balance at 30 June 2015	22,445	-	-	22,445
Accumulated amortisation and impairment				
Balance at 1 July 2013	(20,295)	-	-	(20,295)
Amortisation expense	(3,326)	-	-	(3,326)
Balance at 1 July 2014	(23,621)	-	-	(23,621)
Amortisation expense	(3,378)	-	-	(3,378)
Amortisation written back	15,407	-	-	15,407
Balance at 30 June 2015	(11,592)	-	-	(11,592)
				-
Net book value at 30 June 2014	11,004	-	-	11,004
Net book value at 30 June 2015	10,853	-	-	10,853

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

b) Impairment testing for cash generating units containing goodwill

Goodwill is related with Council's subsidiary Citywide Service Solutions Pty Ltd. Goodwill has been reviewed for impairment for the year ending 30 June 2015.

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's operating divisions. The aggregate carrying amounts allocated to each Cash Generating Unit (CGU) are as follows:

	2015 \$'000	2014 \$'000
Arboriculture VIC	194	194
Horticulture VIC	5,224	5,224
Street Cleaning VIC	3,296	3,296
Open Space NSW	7,868	7868
Infrastructure Services	-	3158
Open Space QLD	6,188	6188
	22,770	25,928

The recoverable amount of each CGU has been determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The recoverable amount of each unit was determined to be in excess of the carrying value for each CGU, and therefore no impairments/adjustments have been recognised other than detailed below.

Deferred purchase consideration adjustment - goodwill in the current year and prior year

In the current year, the goodwill in AWD Earthmoving has been adjusted by \$0.500 million as the earnings before income tax target for the current financial year was not met and the portion of the contingent consideration has not been paid as was structured in the purchase of the business.

Impairment losses recognised in the current year

In the current year, the marketplace where the Infrastructure Services CGU operates has continued to deteriorate. This has led to the recognition of an impairment loss of \$2.658 million which has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. Other areas of Infrastructure Services operations continue to perform.

c) Key assumptions used in the discounted cash flow projections

The key assumptions used in the calculation of recoverable amounts are discount rates and earnings before income tax, depreciation and amortisation growth (EBITDA). These assumptions are as follows:

	2015	2014
Discount Rate	9.30%	3.54%
EBITDA Growth Rate	1.00%	2.50%

The discount rate used is a post-tax measure based on the Citywide's weighted average cost of capital. Previously the discount rate used was based on the risk-free rate for 10-year bonds issued by the Australian government. Impairment testing in the prior year was completed using a discount rate of 10.0%.

Each CGU has five years of cash flows included in its discounted cash flow models. The long-term compound annual growth rate in EBITDA is estimated by management using past experience and expectations for the future.

Budgeted EBITDA growth is expressed as the compound annual growth rates in the initial five years of the plans used for impairment testing and has been based on past experience and expectations for the future.

d) Sensitivity to change in assumptions

Citywide has modelled a 10% reduction in base EBITDA in each CGU and a 1% increase in the discount rate. In each case, the value in use would not be lower than the carrying amount and therefore no impairment charge would arise.

LIABILITIES

Note 25. Trade and other payables

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Trade creditors general	17,952	23,893	11,215	13,077
Accrued expenses	53,696	62,684	39,965	46,740
Income in advance	5,527	3,263	2,128	1,248
	77,175	89,840	53,308	61,065

Trade creditors are unsecured, not subject to interest charges and are normally settled within 30 days from the date of invoice.

Note 26. Trust funds and deposits

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Refundable deposits	4,545	3,424	2,726	1,654
Fire services levy	2,639	2,624	2,639	2,624
Retention amount	560	440	560	440
Other refundable deposits	782	569	186	183
	8,526	7,057	6,111	4,901

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Note 27. Provisions

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current provisions				
Employee provisions	42,388	42,230	28,606	29,358
Other provisions	1,962	2,283	1,663	1,991
	44,350	44,513	30,269	31,349
Non-current provisions				
Employee provisions	4,849	5,551	2,900	3,042
Other provisions	-	-	-	-
	4,849	5,551	2,900	3,042
Total provisions	49,199	50,064	33,169	34,391

a) Employee provisions

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(a) Current provisions expected to be wholly settled within 12 months				
Annual leave	14,002	13,542	9,657	9,485
Long service leave	2,536	1,837	1,476	1,328
Redundancy provision	-	2,359	-	2,359
	16,538	17,738	11,133	13,172
(b) Current provisions expected to be wholly settled after 12 months				
Annual leave	1,857	2,174	21	200
Long service leave	23,993	22,318	17,452	15,986
	25,850	24,492	17,473	16,186
Total current provisions	42,388	42,230	28,606	29,358
(c) Non-Current				
Long service leave	4,849	5,551	2,900	3,042
Total non-current provisions	4,849	5,551	2,900	3,042
Aggregate carrying amount of employee provisions				
Current	42 388	42,230	28 606	29 358
Non-current	4 849	5,551	2 900	3 042
Total aggregate carrying amount of employee provisions	47 237	47,781	31 506	32 400

Assumptions adopted in measuring the present value of employee benefits

	Consolidated		Council	
	2015	2014	2015	2014
Weighted average increase in employee costs	3.35%	3.54%	2.90%	3.20%
Weighted average discount rates	2.10%	2.71%	2.06%	2.67%
Weighted average settlement period (months)	42	42	43	44

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Note 27. Provisions (cont'd)

b) Other provisions

	Consolidated		Council	
	2015 \$'000	2,014 \$'000	2015 \$'000	2014 \$'000
(a) Current				
Insurance claims	413	741	413	741
Other	1,549	1,542	1,250	1,250
	1,962	2,283	1,663	1,991
(b) Reconciliation of movements				
Insurance claims				
Balance at the beginning of financial year	741	518	741	518
Additional provisions	82	529	82	529
Amounts used	(410)	(306)	(410)	(306)
Balance at the end of the financial year	413	741	413	741
Other *				
Balance at the beginning of financial year	1,542	308	1,250	-
Additional provisions	7	1,250	-	1,250
Amounts used	-	(16)	-	-
Balance at the end of the financial year	1,549	1,542	1,250	1,250

* Includes provision for rate objection and payroll tax

Note 28. Interest-bearing loans and borrowing

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Borrowing	-	-	-	-
Non-current				
Borrowing	-	6,000	-	-
Total	-	6,000	-	-
Maturity profile for borrowing is:				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	6,000	-	-

EQUITY

Note 29. Reserves

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Composition				
Asset revaluation - property and infrastructure	1,735,446	1,673,503	1,731,409	1,669,466
Investments revaluation reserve	4,225	4,649	4,225	4,649
Reserve for public open space	18,671	13,906	18,671	13,906
Tree Compensation Reserve	1,704	842	1,704	842
	1,760,046	1,692,900	1,756,009	1,688,863

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Note 29. Reserves (cont'd)

a) Movement in Reserves – Asset revaluation reserve

Consolidated	Balance at beginning of 2014	Increment (Decrement)	Transfer to Accum Surplus	Balance at end of 2014	Increment (Decrement)	Transfer to Accum Surplus	Balance at end of 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
Land	1,041,006	6,606	-	1,047,612	11,493	-	1,059,105
Buildings	43,816	29,784	-	73,600	(2,783)	-	70,817
Infrastructure							
Roads	295,769	25,816	-	321,585	55,718	-	377,303
Bridges	14,365	(114)	-	14,251	2,141	-	16,392
Footpaths and cycleways	96,219	13,290	-	109,509	(9,372)	-	100,137
Drainage	29,695	3,008	-	32,703	959	-	33,662
Recreational, leisure and community facilities	-	-	-	-	34	-	34
Parks, open space and streetscapes	11,683	(2,656)	-	9,027	(4,613)	-	4,414
Other infrastructure	58,771	835	-	59,606	8,366	-	67,972
Artworks	5,610	-	-	5,610	-	-	5,610
	1,596,934	76,569	-	1,673,503	61,943	-	1,735,446

Council	Balance at beginning of 2014	Increment (Decrement)	Transfer to Accum Surplus	Balance at end of 2014	Increment (Decrement)	Transfer to Accum Surplus	Balance at end of 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
Land	1,036,969	6,606	-	1,043,575	11,493	-	1,055,068
Buildings	43,816	29,784	-	73,600	(2,783)	-	70,817
Infrastructure							
Roads & Laneways	295,769	25,816	-	321,585	55,718	-	377,303
Bridges	14,365	(114)	-	14,251	2,141	-	16,392
Footpaths and cycleways	96,219	13,290	-	109,509	(9,372)	-	100,137
Drainage	29,695	3,008	-	32,703	959	-	33,662
Recreational, leisure and community facilities	-	-	-	-	34	-	34
Parks, open space and streetscapes	11,683	(2,656)	-	9,027	(4,613)	-	4,414
Other infrastructure	58,771	835	-	59,606	8,366	-	67,972
Artworks	5,610	-	-	5,610	-	-	5,610
	1,592,897	76,569	-	1,669,466	61,943	-	1,731,409

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Note 29. Reserves (cont'd)

b) Movement in Reserves – Investments Revaluation Reserve - Regent Management Pty Ltd

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance at the beginning of the year	4,649	4,649	4,649	4,649
Transfers from investment-non current asset	-	-	-	-
Transfers to investment-non current asset	(424)	-	(424)	-
Balance at the end of the financial year	4,225	4,649	4,225	4,649

Net asset revaluation movement summary

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Asset revaluation - property and infrastructure				
Balance at the beginning of the year	1,673,503	1,596,934	1,669,466	1,592,897
Increment/(decrement)	61,943	76,569	61,943	76,569
Balance at the end of the financial year	1,735,446	1,673,503	1,731,409	1,669,466
Investments Revaluation Reserve - Regent Management Pty Ltd				
Balance at the beginning of the year	4,649	4,649	4,649	4,649
Increment/(decrement)	(424)	-	(424)	-
Balance at the end of the financial year	4,225	4,649	4,225	4,649
Total net asset revaluation movement	61,519	76,569	61,519	76,569

c) Movement in Reserves – Reserve for Public Open Space

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance at the beginning of the year	13,906	10,754	13,906	10,754
Transfers from accumulated surplus	12,424	6,412	12,424	6,412
Transfers to accumulated surplus	(7,659)	(3,260)	(7,659)	(3,260)
Balance at the end of the financial year	18,671	13,906	18,671	13,906

d) Movement in Reserves – Tree Compensation reserve

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance at the beginning of the year	842	-	842	-
Transfers from accumulated surplus	862	842	862	842
Transfers to accumulated surplus	-	-	-	-
Balance at the end of the financial year	1,704	842	1,704	842

OTHER DISCLOSURES

Note 30. Reconciliation from net cash provided by operating activities to surplus

	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Surplus/(deficit) for the year	60,854	36,036	60,157	31,343
Depreciation/amortisation	74,092	69,467	57,685	55,281
Profit/(Loss) on disposal of property, plant and equipment	(2,033)	(1,097)	(1,381)	(954)
Fair value adjustments for investment property	(364)	(5,640)	(364)	(5,640)
Contributions - Non-monetary assets	(11,562)	(7,895)	(11,562)	(7,895)
Other	5,222	9,146	5,880	11,017
Changes in assets and liabilities in relation to operating activities:				
(Increase)/Decrease in trade and other receivables	7,926	(132)	1,076	2,505
(Increase)/Decrease in prepayment	(8,320)	2,496	(9,877)	40
(Increase)/Decrease in accrued income	(717)	(2,335)	1,130	3,650
(Decrease)/Increase in trade and other payables	(12,665)	6,663	(7,757)	3,155
(Increase) in Inventories	(160)	(165)	-	-
(Decrease)/Increase in provisions	(321)	1,457	(470)	1,473
(Decrease)/Increase in employee benefits	158	353	(752)	3,406
(Decrease)/Increase in trust funds and deposits	767	2,501	1,210	2,501
Net cash provided by operating activities	112,877	110,855	94,975	99,882

Note 31. Reconciliation of cash and cash equivalents

	Consolidated			Council	
	2015	2014	Note	2015	2014
	\$'000	\$'000		\$'000	\$'000
Cash and cash equivalents	118,972	89,024	16	106,519	81,339
Less bank overdraft	-	-		-	-
	118,972	89,024		106,519	81,339

Note 32. Financing arrangements

	Consolidated		Council	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Bank overdraft facility	600	600	-	-
Bank loan facility	29,000	29,000	-	-
Used facilities	-	(6,000)	-	-
Unused facilities	29,600	23,600	-	-

Note 33. Commitments

Council 2015	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste management	4,784	38	-	-	4,822
Open space management	2,235	2,235	1,678	-	6,148
Consultancies	1,066	73	44	33	1,216
Home care service	175	-	-	-	175
Cleaning	2,349	2,349	4,698	-	9,396
Civil Infrastructure Services	20,913	20,913	20,913	-	62,739
Events Service	-	-	-	-	-
IT system	-	-	-	-	-
Maintenance	5,589	5,509	10,268	-	21,366
Other Service	14,522	7,395	4,917	-	26,834
Total	51,633	38,512	42,518	33	132,696
Capital					
Land and buildings	71,969	-	-	-	71,969
Roads	92	-	-	-	92
Parks & gardens	293	-	-	-	293
Total	72,354	-	-	-	72,354

Council 2014	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste management	6,543	5,077	-	-	11,620
Open space management	2,233	4,466	1,697	-	8,396
Consultancies	2,238	593	30	48	2,909
Home care service	539	-	-	-	539
Cleaning	-	-	-	-	-
Civil Infrastructure Services	20,902	41,803	20,902	-	83,607
Events Service	2,382	340	-	-	2,722
IT system	206	206	-	-	412
Maintenance	14,824	-	-	-	14,824
Other Service	12,643	14,041	4,082	-	30,766
Total	62,510	66,526	26,711	48	155,795
Capital					
Land and buildings	2,077	1,278	-	-	3,355
Roads	-	-	-	-	-
Parks & gardens	-	-	-	-	-
Total	2,077	1,278	-	-	3,355

Council capital contract commitments are a combination of fixed and variable over the tender period varying between one and five years.

Note 34. Operating leases**a) Operating lease commitments**

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property rentals				
Not later than one year	1,279	921	1,279	921
Later than one year and not later than five years	4,426	2,785	4,426	2,785
Later than five years	381	76	381	76
	6,086	3,782	6,086	3,782

b) Operating receivable

Council's leasing profile comprises of largely crown land. Others in the portfolio include freehold or lease commitments. The Council has a varying number of leases varying from monthly over holding to short term to long term. The rental amounts are either fixed term, some are annual CPI reviews or market reviews.

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

	Consolidated		Council	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	3,603	3,269	3,603	3,269
Later than one year and not later than five years	8,235	7,290	8,235	7,290
Later than five years	27,708	33,484	27,708	33,484
	39,546	44,043	39,546	44,043

Note 35. Contingent liabilities and contingent assets**Contingent liabilities**

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

A Council terminated staff member filed a HR related litigation seeking compensation. Council is not in a position to specify the quantum of potential settlement as no out-of-court settlement reached yet. If a settlement is not forthcoming the matter will to be determined in a Court.

Citywide Service Solutions Pty Ltd has guarantees issued by the Bank in respect of contracts secured of \$11,319,000 (2014: \$11,562,000).

Citywide Service Solutions Pty Ltd is a defendant from time to time in legal proceedings in respect of claims and court proceedings arising from the conduct of its business. The Group does not consider that the outcome of any current proceedings, for which allowance has not been made in these accounts, is either individually or in aggregate, likely to have a material effect on the operations or financial position of the Group.

Contingent assets

There are no contingent assets in this financial year (2014: Nil).

Note 36. Superannuation funds

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

Accumulation

The Fund's accumulation categories, Vision MySuper/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 (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (2014: 9.25%).

Defined Benefit

The Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which the Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- Net investment returns 7.5% pa
- Salary inflation 4.25% pa
- Price inflation (CPI) 2.75% pa.

Vision Super has advised that the estimated VBI at 31 March 2015 was 108.5%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Employer contributionsRegular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, the Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate

In addition, the Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

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In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries; it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which the Council is a contributing employer:

- A VBI surplus of \$77.1 million
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Council was notified of the results of the actuarial investigation during January 2015.

Superannuation contributions

Contributions by the Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015 000's	2014 000's
Vision Super	Defined benefits	9.5%	138	145
Vision Super	Accumulation	9.5%	7,418	7,156
Other funds	Accumulation	9.5%	2,530	2,047

Melbourne City Council Superannuation Sub Plan (CMSSP) Members

A separate plan is operated for Melbourne City Council (the Council) defined benefit members under the Local Authorities Superannuation Fund (the Fund). This separate plan (the CMSSP) is a multi-employer sponsored plan and was closed to new members on 23 December 1993. The majority of the members in the CMSSP are employees of the participating employers that are wholly owned subsidiaries of the Council.

As provided under paragraph 34 of AASB 119, the Council does not use the defined benefit accounting for its defined benefit obligations under the CMSSP at the individual entity level. This is because the CMSSP is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the CMSSP is a mutual scheme between participating employers to allow for the mobility of the workforce between the participating employers without attaching a specific CMSSP liability to employees and their current employer. There is no proportional split of the CMSSP defined benefit liabilities, assets or costs between the participating employers as the CMSSP defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate CMSSP obligation is allocated to specific employers is when a funding call is made. As a result, the level of participation of the Council in the CMSSP cannot be measured as a percentage compared with other participating employers in the Council's individual entity level financial statements. While there is an agreed methodology to allocate any CMSSP shortfalls identified by the Fund Actuary for funding purposes, there is

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no agreed methodology to allocate CMSSP benefit liabilities, assets and costs between participating employers for accounting purposes. Therefore, the Fund Actuary is unable to allocate CMSSP benefit liabilities, assets and costs between employers on an individual entity basis for purposes of AASB 119 because of the pooled nature of the CMSSP's defined benefit category.

However, as the majority of the members of the CMSSP are employees of the Council group, the surplus or deficit of the CMSSP is recorded in accordance to AASB119 at the consolidated level for reporting purposes.

CMSSP member profiles are reviewed periodically to determine if and when reporting at the individual entity level is appropriate.

Funding arrangements

The Council makes employer contributions to the CMSSP at rates determined by the Fund's Trustee on advice of the Fund's Actuary. The CMSSP's employer funding arrangements comprise of three components as follows:

- 1) Regular contributions – which are ongoing contributions needed to fund the balance of benefits for current members and pensioners
- 2) Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arose
- 3) Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

The Council is also required to make additional contributions to cover the contribution tax payable on the components 2 and 3 referred to above.

Employees are also required to make member contributions to the CMSSP. As such, assets accumulate in the CMSSP to meet member benefits, as defined in the Trust Deed, as they accrue.

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, the Council makes employer contributions to the CMSSP at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 13 per cent of salary for active defined benefit members.

In addition, the Council makes top-up payments to the CMSSP for exiting members equal to the exiting member's benefit payment less the existing member's vested benefit adjusted for the CMSSP's vested benefit index (VBI) where the VBI is less than 100%.

Funding calls

The Fund's Trustee is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund's Trustee is required to target full funding of its vested benefits for each of its sub-plans (including the CMSSP). There may be circumstances where:

- a sub-plan is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a sub-plan VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the sub-plan has a shortfall for the purposes of SPS 160 and the Fund Trustee is required to put a plan in place for the sub-plan so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund's Trustee monitors the CMSSP's VBI on a quarterly basis and the shortfall limit for the CMSSP is set at 97%.

In the event that the Fund Actuary determines that the CMSSP has a shortfall based on the above requirement, the CMSSP's participating employers (including the Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate a shortfall should result in a fair and reasonable apportionment of the shortfall between the participating employers. A number of factors are taken

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into consideration when determining the fairness/reasonableness of the apportionment including:

- the salary of the CMSSP members in participating CMSSP employer
- the vested benefit of each CMSSP members.

Due to the nature of the contractual obligations between the participating CMSSP employers and the CMSSP, it is unlikely that the CMSSP will be wound up. In the unlikely event the CMSSP is wound up and there is a surplus in the CMSSP, the surplus cannot be applied for the benefit of the CMSSP employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting the defined benefit obligations of the CMSSP.

In the event that a participating CMSSP employer is wound up, the CMSSP defined benefit obligations of that CMSSP employer will be transferred to that employer's successor.

Difference between calculations

The CMSSP surplus or deficit (i.e. the difference between the CMSSP's assets and liabilities) is calculated differently for funding purposes (i.e. calculating the required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosures 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 CMSSP up to the measurement date, with no allowance for future benefits that may accrue.

Retrenchment increments

During 2014-15, the Council was not required to make payments to the CMSSP in respect of retrenchment increments (no payments required in 2013-14). The Council's liability to the CMSSP as at 30 June 2015 for retrenchment increments, accrued interest and tax is \$0 (\$0 in 2013-14).

Latest actuarial investigation surplus amounts

The CMSSP's latest actuarial investigation was as at 30 June 2014. This investigation identified the following in the defined benefit category:

- A VBI surplus of \$6.5 million
- A total service liability surplus of \$11.4 million.

The VBI surplus means that the market value of the CMSSP's assets as at 30 June 2014 supporting its defined benefit obligations exceeded the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the CMSSP's defined benefit category plus expected future contributions exceeded the value of expected future benefits and expenses as at 30 June 2014.

The Council was notified of the results of the actuarial investigation during January 2015.

Prior actuarial shortfall amounts

The CMSSP's prior actuarial investigation was as at 31 December 2011. This investigation identified an unfunded liability of \$6.02 million (including contributions tax) in the CMSSP. An amount of \$6.02million was paid on 4 January 2013 as the Council's share of the CMSSP's unfunded liabilities, being the difference between the present value of employees' accrued defined benefits and the net market value of the CMSSP's assets at 31 December 2011.

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Accrued benefits

The CMSSP's liability was determined in the 30 June 2014 actuarial investigation pursuant to the requirements of the Australian Accounting Standard AAS 25 as follows:

	30 June 2014 \$ Millions
Net market value of assets	60.9
Accrued benefits (per Accounting Standards)	48.7
Difference between Assets and Accrued benefits	12.2
Vested benefits	54.4
Vested benefits index	112%

The financial assumptions used to calculate the accrued benefits of the CMSSP are:

- Net investment return 7.5% pa
- Salary inflation 4.25% pa
- Price inflation 2.75% pa.

Favourable or unfavourable variations may arise should the experience of the CMSSP differ from the assumptions made by the Fund's Actuary in estimating the CMSSP's accrued benefit liability.

The next full actuarial investigation of the CMSSP's liability for accrued benefits will be based on the CMSSP's position as at 30 June 2017.

Superannuation contributions

The total amount of superannuation contributions paid by the Council (inclusive of its wholly-owned subsidiaries Citywide Service Solutions Pty Ltd and Queen Victoria Market Pty Ltd) during the year was \$2.251 million (2014: \$2.471 million).

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
- The Accumulation plan.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$2.313 million.

Melbourne City Council Superannuation Sub Plan	2015 000's	2014 000's
Asset/(Liability) Recognised in Balance Sheet	1,195	423
Total amount recognised in Other Comprehensive Income	863	4,024

Note 37. Financial instruments**a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalents	16	Cash on hand, cash at bank and money market call account are valued at face value	<i>Consolidated:</i> On call deposits returned a floating interest rate of 2.05% (2.58% in 2013-14) <i>Council:</i> On call deposits returned a floating interest rate of 2.05% (2.55% in 2013-14)
Short term deposits	16	Interest is recognised as it accrues Investments are valued at cost Investments are held to maximise interest returns of surplus cash	<i>Consolidated:</i> On call deposits returned a floating interest rate of 2.70% (3.58% in 2013-14) <i>Council:</i> On call deposits returned a floating interest rate of 2.35% (2.73 % in 2013-14)
Sundry debtors	17	Receivables are carried at nominal amounts due less 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.	Trade debtors are unsecured. Credit terms are based on 30 days from date of invoice.
Financial Liabilities			
Investments	21	Investment for the Council include all wholly owned subsidiaries, wholly controlled trust of the Council and associated entities Investments in the consolidated entity includes interests in other entities and associated entities	Investments in other entities are valued at historical cost
Trade and other payables	25	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	Trade creditors are unsecured, not subject to interest charges and are normally settled within 30 days from date of invoice.
Borrowings	14	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	<i>Consolidated:</i> Bank overdraft is secured with a 1 st ranking fixed and floating charge Bill acceptance/discount facility is secured with a 1 st ranking fixed and floating charge The weighted average interest rate for borrowings is 2.53% (2.67% in 2013-14) <i>Council:</i> 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 2015.

b) 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 is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

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. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

- diversification of investment product
- monitoring of return on investment
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

Council's interest rate liability risk is limited to our subsidiary company's Citywide Service Solutions Pty Ltd borrowings. Council has no direct borrowings.

Council's subsidiary company Citywide Service Solutions Pty Ltd has a borrowing and overdraft facility which has been arranged with a major Australian bank. Council's subsidiary company manages the interest rate risk by:

- an ongoing review of borrowing levels
- having a limit imposed on the maximum borrowing amount allowed by Council.

c) 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. Council has exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in note 35.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or Council will not have sufficient funds to settle a transaction when required, Council will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- 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
- Council has no direct borrowing.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 28.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The Consolidated Entity's exposure to liquidity risk is deemed insignificant given our high levels of cash and cash equivalents, Citywide Service Solutions Pty Ltd borrowing levels and our current assessment of risk.

With respect to borrowings at Citywide Service Solutions Pty Ltd the following should be noted. The bank overdraft facility is a secured facility. In February 2012 the Bill Acceptance and Discount Facility was increased. This facility is also a secured facility. There is a 1st ranking fixed and floating charge. 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 2 June 2017.

The table below lists the contractual maturities for financial liabilities. These amounts represent undiscounted gross payments including both principal and interest amounts.

Consolidated 2015	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Financial assets							
Cash and cash equivalents	118,472	500	-	-	-	118,972	118,972
Trade and other receivables	48,997	-	-	-	-	48,997	48,997
Other financial assets	4,800	500	-	-	-	5,300	5,300
	172,269	1,000	-	-	-	173,269	173,269
Financial liabilities							
Trade and other payables	74,730	-	2,445	-	-	77,175	77,175
Trust funds and deposits	6,780	109	1,637	-	-	8,526	8,526
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
	81,510	109	4,082	-	-	85,701	85,701

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Council 2015	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Financial assets							
Cash and cash equivalents	106,519	-	-	-	-	106,519	106,519
Trade and other receivables	25,550	-	-	-	-	25,550	25,550
Other financial assets	-	2,000	-	-	-	2,000	2,000
	132,069	2,000	-	-	-	134,069	134,069
Financial liabilities							
Trade and other payables	53,308	-	-	-	-	53,308	53,308
Trust funds and deposits	6,111	-	-	-	-	6,111	6,111
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
	59,419	-	-	-	-	59,419	59,419

Consolidated 2014	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Financial assets							
Cash and cash equivalents	88,524	500	-	-	-	89,024	89,024
Trade and other receivables	57,695	-	-	-	-	57,695	57,695
Other financial assets	21,200	500	-	-	-	21,700	21,700
	167,419	1,000	-	-	-	168,419	168,419
Financial liabilities							
Trade and other payables	89,840	-	-	-	-	89,840	89,840
Trust funds and deposits	5,351	97	1,609	-	-	7,057	7,057
Interest-bearing loans and borrowings	-	-	-	6,000	-	6,000	6,000
	95,191	97	1,609	6,000	-	102,897	102,897

Council 2014	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Financial assets							
Cash and cash equivalents	81,339	-	-	-	-	81,339	81,339
Trade and other receivables	26,626	-	-	-	-	26,626	26,626
Other financial assets	8,000	10,000	-	-	-	18,000	18,000
	115,965	10,000	-	-	-	125,965	125,965
Financial liabilities							
Trade and other payables	61,065	-	-	-	-	61,065	61,065
Trust funds and deposits	4,901	-	-	-	-	4,901	4,901
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
	65,966	-	-	-	-	65,966	65,966

e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the movements 'reasonably possible' over the next 12 months are a parallel shift of + 1.0% and -0.5% in market interest rates (AUD) from year-end rates of 2.05%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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.

	2015 \$'000	Interest rate risk			
		-0.50 % -50 basis points		+1.00% +100 basis points	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Consolidated					
Financial assets					
Cash and cash equivalents	118,972	(595)	(595)	1,190	1,190
Financial liabilities					
Interest-bearing loans and borrowings	-	-	-	-	-
Council					
Financial assets					
Cash and cash equivalents	106,519	(533)	(533)	1,065	1,065

Note 38. Related party transactions

a) Responsible Persons

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

Councillors

Lord Mayor Robert Doyle	Richard Foster
Deputy Lord Mayor Susan Riley	Rohan Leppert
Cathy Oke	Stephen Mayne
Kevin Louey	Arron Wood
Ken Ong	Beverley Pinder-Mortimer
Jackie Watts	

Chief Executive Officer

Dr Kathy Alexander (from 1 July 2014 to 3 December 2014)

Acting CEO Martin Cutter (from 4 December 2014 to 8 February 2015)

Ben Rimmer (from 9 February 2015)

Remuneration of responsible persons

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

	2015	2014
\$40,000 - \$49,999	9	9
\$90,000 - \$99,999	1	1
\$150,000 - 159,999	1	-
\$190,000 - \$199,999	1	1
\$460,000 - \$469,999	1	1
	13	12
	\$'000	\$'000
Total remuneration for the financial year for Responsible Persons included above	1,333	1,154

Reflects remuneration packages for the period that the responsible person was a Councillor. Councillors are also provided with a car park, office and executive support.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Responsible persons retirement benefits

There are no retirement benefits have been made to responsible persons. There were no matters to report in the previous financial year.

Loans to responsible persons

There are no loans have been made to responsible persons. There were no matters to report in the previous financial year.

Transactions with responsible persons

During the period Council entered into the following transactions with responsible persons or related parties of responsible persons.

Responsible Officer	Position held (including related parties of responsible officer)	Supplier	Natural of transactions (on normal commercial terms)	Transaction Amount (\$'000)
Lord Mayor Robert Doyle	President	The Load Mayor's Charitable Foundation	Funding support by Council Products/services	65 3
	Trustee	The Shrine of Remembrance	Funding support by Council	325
	Ex-Officio member	Cancer Council of Australia	Funding support by Council Products/services	6 5
	Partner - employee	Australian Centre for the Moving Image	Funding support by Council	29
Deputy Lord Mayor Susan Riley	Director	Melbourne Media Pty Ltd	Products/services	2
	Director	Procurement Australia	Products/services	124
	Son - Owner of company	The Delivery Boy	Products/services	17
Councillor Rohan Leppert	Board member	Melbourne Symphony Orchestra	Funding support by Council	330
			Products/services	21
Councillor Cathy Oke	President/Chair/ Executive Committee member	International Council for local Environmental Initiatives	Office space provided by Council for ICLEI Oceania	-
			Products/services	2
Councillor Stephen Mayne	Partner - board member for part of the period and ongoing committee roles	RACV	Products/services	2
Total				931

b) Senior Officers' Remuneration

A Senior Officer other than a Responsible Person, is

- a) For Council, an officer who has management responsibilities and reports directly to the Chief Executive; or whose total annual remuneration exceeds \$136,000; or
- b) For subsidiaries, the Managing Director, Chief Executive Officers and executives, or whose total annual remuneration exceeds \$136,000.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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

Income Range	Consolidated		Council	
	2015	2014	2015	2014
\$136,000 - \$139,999	17	73	15	71
\$140,000 - \$149,999	80	10	78	10
\$150,000 - \$159,999	10	8	8	8
\$160,000 - \$169,999	8	6	6	5
\$170,000 - \$179,999	12	9	11	9
\$180,000 - \$189,999	5	5	4	5
\$190,000 - \$199,999	9	11	9	9
\$200,000 - \$209,999	8	4	7	4
\$210,000 - \$219,999	2	3	2	3
\$220,000 - \$229,999	4	3	4	3
\$230,000 - \$239,999	-	1	-	1
\$240,000 - \$249,999	3	2	3	2
\$250,000 - \$259,999	2	2	2	2
\$260,000 - \$269,999	2	1	2	1
\$270,000 - \$279,999	-	2	-	-
\$290,000 - \$299,999	2	-	-	-
\$310,000 - \$319,999	-	1	-	1
\$320,000 - \$329,999	2	-	1	-
\$340,000 - \$349,999	1	3	1	2
\$350,000 - \$359,999	3	1	1	-
\$360,000 - \$369,999	1	2	1	1
\$370,000 - \$379,999	-	1	-	-
\$380,000 - \$389,999	1	1	1	1
\$460,000 - \$469,999	1	1	1	1
\$590,000 - \$599,999	-	1	-	-
\$900,000 - \$909,999 *	1	-	-	-
	174	151	157	139
	\$'000	\$'000	\$'000	\$'000
Total remuneration for the financial year for Senior Officers included above	30,925	26,691	26,649	23,292

The remuneration threshold for Senior Officers' is reviewed each year by the Minister for Local Government. The threshold amount in 2014-15 was \$136,000 (\$133,000 in 2013-14). The number of senior officers and the total remuneration increased in 2015 is mainly due to salary incremental movement and enterprise bargaining agreement increase.

* As a result of retirement on 20 March 2015 a contractual payment of \$346,586 was made in addition to entitlements due to senior officer's 14 years of service.

Total employment package for senior officers includes:

- Under an executive contract, taxable salary, superannuation and motor vehicle component
- For award staff, salary, superannuation, leave loading and overtime
- Includes staff with termination/retirement payments.

c) Wholly-Owned Group

The Council is the ultimate parent entity in the wholly-owned group. Transactions with the controlled entities, Citywide Service Solutions Pty Ltd and its subsidiaries, Queen Victoria Market Pty Ltd, Sustainable Melbourne Fund Trust and Enterprise Melbourne Pty Ltd during the financial year are included below.

All subsidiaries are established and are resident in Australia.

Transactions with Citywide Service Solutions Pty Ltd

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Transactions with the Citywide Service Solutions Pty Ltd during the financial year were based on a contract for the provision of services comprising property rental, contract sales and the payment of charges (tax equivalents) which includes income tax and payroll tax.

Revenue received from Citywide is \$426,000 (2013-14 \$414,000).

Expenditure to Citywide is \$54,902,000 (2013-14 \$56,713,000).

Income Tax and Payroll Tax Equivalent, and Dividend are \$6,355,000 (2013-14 \$7,170,000).

Debtor account balance to Citywide is \$78,000 (2013-14 \$38,000).

Creditor account balance to Citywide is \$14,325,000 (2013-14 \$11,263,000).

Transactions with Queen Victoria Market Pty Ltd

Transactions with the Queen Victoria Market Pty Ltd during the financial year were based on a contract for the provision of services comprising a Licence fee, IT charges and in accordance with the Tax Equivalent Policy, the payment of charges (tax equivalents) which includes income tax.

Revenue received from Queen Victoria Market is \$4,725,000 (2013-14 \$4,740,000).

Income Tax Equivalent and Dividend are \$374,000 (2013-14 \$680,000).

Debtor account balance to QVM is \$436,000 (2013-14 \$960,000).

Creditor account balance to QVM is \$612,000 (2013-14 \$219,000).

QVM spent \$2,661,000 on the market renewal program in the financial year. This sum was reimbursed by the Council. \$2,056,000 was set up as a QVM renewal capital project and \$605,000 was expensed.

Transactions with Sustainable Melbourne Fund Trust

Revenue received from Sustainable Melbourne Fund is \$39,150 (2013-14 \$34,000).

Expenditure to Sustainable Melbourne Fund for services provided is \$12,904 (2013-14 \$10,000).

Debtor account balance to SMF is \$528 (2013-14 \$1,056).

Creditor account balance to SMF is \$0 (2013-14 \$0).

Transactions with Enterprise Melbourne Pty Ltd

Funding to Enterprise Melbourne is \$369,000 (2013-14 \$278,000).

Note 39. Events occurring after balance date

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



CERTIFICATION OF THE FINANCIAL STATEMENTS

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.

Phu Nguyen (CPA)
Principal Accounting Officer
Melbourne
Date:

In our opinion the accompanying financial statements present fairly the financial transactions of the Melbourne City Council Group and the Melbourne City Council for the year ended 30 June 2015 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 statements to be misleading or inaccurate.

We have been authorised by the Council and in accordance with the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Robert Doyle
Lord Mayor
Melbourne
Date:

Stephen Mayne
Councillor
Melbourne
Date:

Ben Rimmer
Chief Executive Officer
Melbourne
Date:

MELBOURNE CITY COUNCIL
Performance Statement
For the year ended 30 June 2015

Performance Statement

For the year ended 30 June 2015

Ref Reg	
17(1)	<p data-bbox="316 369 718 403">Description of municipality</p> <p data-bbox="316 421 1460 611">The City of Melbourne municipality covers the central city and 16 inner city suburbs from South Yarra to Parkville. More than 122,000 people call the municipality home, including more than 26,000 students, and a further 732,000 people visit the central city every day for work and play. The City Of Melbourne is the central precinct for Greater Melbourne and is a thriving residential, entertainment, cultural and educational precinct with a rapidly growing population as more people seek its many business, work, study and social opportunities.</p> <p data-bbox="316 629 1436 757">Melbourne is one of the fastest growing municipalities in Australia with unprecedented population growth expected over the next decade and beyond. Since 2001 our residential population has doubled to more than 122,000. This is expected to grow to more than 200,000 by 2030. Daily users of the city are expected to increase 23 per cent by 2024.</p> <p data-bbox="316 775 1356 808">The council covers an area of 37.7 square kilometres and has 486 hectares of parkland.</p>

Sustainable Capacity Indicators

For the year ended 30 June 2015

Ref Reg	Indicator/ measure	Results 2015	Comments
15(3) Sch3	Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$3,099	The City of Melbourne has higher own-source revenue as part of being a capital city council, with items such as parking fees and fines a major contributor.
16(1) 17(2)	Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$147	There are no factors that had a material impact on this measure this year.
	Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$3,074	The City of Melbourne has higher expenses incurred as a part of being a capital city council, with items such as events, marketing, promotion and sponsorship major contributors.
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,894	There are no factors that had a material impact on this measure this year.
	<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	492	The City of Melbourne has a higher density population due to the number of residents living in apartments.
	Disadvantage <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	8	There are no factors that had a material impact on this measure this year.

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service Performance Indicators

For the year ended 30 June 2015

Ref Reg	Service/indicator/measure	Results 2015	Comments
15(1) Sch3	Governance Satisfaction		
16(1) 17(2)	<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	60	The level of community satisfaction with how the Council has performed in making decisions in the interest of the community in 2015 was 60. This score is 1 point higher than the 2014 score. The 2015 score is also 1 point higher than equivalent scores in metropolitan Melbourne.
	Statutory Planning Decision making		
	<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	66%	There are no factors that had a material impact on this measure this year.
	Roads Satisfaction		
	<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	76	The level of community satisfaction with sealed roads in the City of Melbourne in 2015 was 76. This score is 3 points higher than the 2014 score. The 2015 score is also 7 points higher than the equivalent score for sealed roads in metropolitan Melbourne.
	Libraries Participation		
	<i>Active library members</i> [Number of active library members / Municipal population] x100	34%	The City of Melbourne provides library services to local residents (municipal population), workers, students, travellers and shoppers. Over the past three years we have opened two new library branches, with a third opening in Carlton on 3 July 2015. Melbourne Library Service has a very active eLibrary collection that is not reflected in this figure of Active Library users. Loans of eBooks make up almost 7% of our total loans.
	Waste Collection Waste diversion		
	<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	23%	The city has a high percentage of high-rise buildings, which traditionally have low recycling rates. Many older high-rise buildings do not have adequate recycling facilities. To lift our diversion rate we are working with building owners and owners corporations to provide recycling education and improve practices within high-rise buildings. Though a separate collection, all of the green waste generated from parks, gardens and street trees is recycled. While this is the vast majority of the municipality's green waste, it is not counted in this measure.
	Aquatic facilities Utilisation		
	<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.62	There are no factors that had a material impact on this measure this year.
	Animal management Health and safety		
	<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	1	The Council increased its presence in public places and education at community events throughout the year to promote and enforce responsible pet ownership.

Ref Reg	Service/indicator/measure	Results 2015	Comments
	Food safety Heath and safety <i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	95%	Through the Council's administration of the <i>Food Act 1984</i> , it assesses food safety and associated risks at all registered food premises to protect public health by preventing the sale of unsafe food.
	Home and community care Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	19%	HACC clients received Home Care, Personal Care, Respite HACC service or a combination of these services.
	Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	15%	The top five non-English speaking countries of birth for HACC clients are Italy, China, Egypt, Vietnam and Greece.
	Maternal and child health Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	81%	There are no factors that had a material impact on this measure this year.
	Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	56%	There are no factors that had a material impact on this measure this year.

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

Financial Performance Indicators

For the year ended 30 June 2015

Ref Reg	Dimension/ <i>indicator</i> / <i>measure</i>	Results		Forecasts			Comments
		2015	2016	2017	2018	2019	
15(2) Sch3	Operating position Adjusted underlying result						
16(1)	<i>Adjusted underlying surplus (or deficit)</i>	6.24%	3.72%	2.94%	4.32%	5.27%	No material variations.
16(2)	[Adjusted underlying surplus (deficit)/						
17(2)	Adjusted underlying revenue] x100						
17(3)							
	Liquidity Working capital						
	<i>Current assets compared to current liabilities</i>	163.60%	40.59%	77.68%	57.38%	30.27%	The settlement of the Munro site in 2015–16 will have a material impact on the City of Melbourne's cash balance. The Council's cash balance will be impacted by the timing of QVM Renewal project expenditure in the four-year forecast.
	[Current assets / Current liabilities] x100						
	Unrestricted cash						
	<i>Unrestricted cash compared to current liabilities</i>	81.38%	0%	34.63%	14.83%	0%	The settlement of the Munro site in 2015–16 will have a material impact on the City of Melbourne's cash balance. The Council's cash balance will be impacted by the timing of QVM Renewal project expenditure in the four-year forecast.
	[Unrestricted cash / Current liabilities] x100						
	Obligations Loans and borrowings						
	<i>Loans and borrowings compared to rates</i>	0%	0%	0%	0%	0%	The City of Melbourne has no borrowing as at 30 June 2015, and any future borrowings are projected to be fully paid by 30 June each year.
	[Interest bearing loans and borrowings / Rate revenue] x100						
	<i>Loans and borrowings repayments compared to rates</i>	0%	16.64%	16.14%	15.63%	14.98%	The increase from 2016 onwards is due mainly to the borrowing facility required for settlement of the Munro site and ongoing working capital requirements.
	[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100						
	Indebtedness						
	<i>Non-current liabilities compared to own source revenue</i>	0.77%	0.76%	0.77%	0.78%	0.78%	No material variations.

Ref Reg	Dimension/ <i>indicator/ measure</i>	Results		Forecasts			Comments
		2015	2016	2017	2018	2019	
	[Non-current liabilities / Own source revenue] x100						
	Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	73.54%	101%	90.43%	90.37%	90.21%	The increase of asset renewal in 2015–16 is mainly due to carry-forward capital works from 2014–15.
	Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	57.71%	61.12%	60.83%	61.34%	62.11%	No material variations.
	Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.26%	0.27%	0.26%	0.26%	0.26%	No material variations.
	Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,954	\$3,915	\$3,800	\$3,630	\$3,545	No material variations.
	Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,086	\$1,105	\$1,071	\$1,091	\$1,100	No material variations.
	Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11.91%	12.38%	12.44%	12.69%	12.93%	No material variations.

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants

"population "means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant "means a grant other than a non-recurrent grant

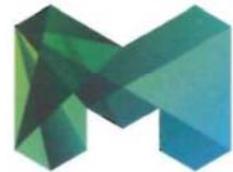
"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Certification of the performance statement

Ref	Reg
18(1)	In my opinion, the accompanying Performance Statement has been prepared in accordance with the <i>Local Government Act 1989</i> and the <i>Local Government (Planning and Reporting) Regulations 2014</i> .
18(2)	<p>_____ (Principal Accounting Officer Name and Qualifications (if any)) Principal Accounting Officer Dated: (Date)</p> <p>18(2) In our opinion, the accompanying Performance Statement of the (council name) for the year ended 30 June 2015 presents fairly the results of the Council's performance in accordance with the <i>Local Government Act 1989</i> and the <i>Local Government (Planning and Reporting) Regulations 2014</i>.</p> <p>The Performance Statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.</p> <p>At the date of signing, we are not aware of any circumstances that would render any particulars in the Performance Statement to be misleading or inaccurate.</p> <p>We have been authorised by the Council and by the <i>Local Government (Planning and Reporting) Regulations 2014</i> to certify this Performance Statement in its final form.</p> <p>_____ (Councillor 1 Name) Councillor Dated: (Date)</p> <p>_____ (Councillor 2 Name) Councillor Dated: (Date)</p> <p>_____ (Chief Executive Officer Name) Chief Executive Officer Dated: (Date)</p>



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12 August 2015

TO THE MELBOURNE CITY COUNCIL

DECLARATION BY THE CHIEF EXECUTIVE OFFICER AND
ACTING PRINCIPAL ACCOUNTING OFFICER

Financial report for the year ended 30 June 2015

This representation letter is provided in connection with the financial report of Council for the year ended 30 June 2015 for the purpose of stating whether the financial report presented fairly, in all material respects, the financial position of the Council as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

We have fulfilled our responsibilities for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the requirements of the *Local Government Act 1989*.

This representation letter is also provided in connection with the performance statement of Council. The disclosure of key performance indicators have been prepared and presented in conformity with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* and we consider the indicators reported to present fairly the performance of the Council.

We confirm, to the best of our knowledge and belief the following representations:

1. The Council has made available to the auditor:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - (b) additional information that has been requested from us for the purpose of the audit
 - (c) unrestricted access to persons within the Council from whom the auditor has sought audit evidence
 - (d) minutes of all meetings of Council and Audit Committee
 - (e) details of any off-balance sheet agreements or instruments, or confirmation that no such agreements or instruments exist.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.
3. Proper accounts and records of the transactions and affairs of the Council and such other records as sufficiently explain the financial operations and financial position of the Council have been kept in accordance with the *Local Government Act 1989*, where applicable.
4. We believe the effects of uncorrected financial report misstatements are immaterial, both individually and in the aggregate, to the financial report taken as a whole.
5. We have undertaken a control assessment using the criteria outlined in AASB 10.
6. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
7. We acknowledge responsibility for the design, implementation and maintenance of internal controls designed to prevent and detect fraud.

8. There:
 - (a) has been no fraud involving management or employees who have a significant role in the internal control structure
 - (b) has been no fraud that could have a material effect on the financial report
9. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
10. We acknowledge responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to the auditor details of all deficiencies in internal control that we are aware of.
11. We have no plans or intentions that may materially affect the carrying values or classification of assets and liabilities.
12. We consider the measurement methods, including the valuation premise, valuation techniques, assumptions and inputs used to determine fair values relating to assets and liabilities, to be appropriate and consistently applied in accordance with AASB 13 *Fair Value Measurement*. In particular, fair value measurements for non-financial assets comply with AASB 13 as they appropriately take into consideration the highest and best use from the perspective of market participants that is physically possible, legally permissible and financially feasible where applicable. Further, the financial report accurately and completely contains the disclosure requirements regarding assets and/or liabilities fair valuations and classifications within the fair value hierarchy in accordance with AASB 13.
13. We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
14. Asset useful lives have been reviewed and any resulting changes accounted for as a change in an accounting estimate.
15. The following have been properly recorded or disclosed in the financial report:
 - (a) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements
 - (b) agreements to repurchase assets previously sold
 - (c) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.
16. All known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure when preparing the financial report have been disclosed to the auditor.
17. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework, including:
 - (a) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments
 - (b) unasserted claims or assessments that our lawyer has advised us are probable of assertion.
18. The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.

19. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
20. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
21. We are satisfied that the remuneration of the accountable officer and all executives has been properly reported in note 38 to the financial report and includes all components of executive remuneration including wages and salaries, leave accruals, performance and other bonuses, superannuation, motor vehicles, any other allowances.
22. The identity of all known related parties (including controlled entities), related party relationships and transactions have been made known to the auditor. All related party relationships and transactions have been appropriately accounted for and disclosed in the financial report in accordance with the requirements of the accounting framework including revenue, purchases, loans, transfers, leasing arrangements and guarantees (written or verbal).
23. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.
24. We believe that the significant assumptions used in making accounting estimates for inclusion in the financial report are reasonable.
25. We have in place effective communication tools to communicate to the subsidiaries and business unit's information about the Council and proposals.
26. We are satisfied that the accounting policies adopted by Council's subsidiaries are consistent with Council's accounting policies, where applicable, and are appropriate for Consolidation purposes.

Yours sincerely



Ben Rimmer
Chief Executive Officer



Sam Rumoro
Acting Principal Accounting Officer