City of Melbourne

Annual Report 2005-2006

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with an eye
for style.

city of
Melbourne

About this report
Performance at a glance
From the Lord Mayor 2
From the Chief Executive 5

OUR CITY 6
Our organisation 10
Meet your council 12
Directors and divisions 18
Planning, performing, measuring 20
Sustainability reporting 22

OUR PERFORMANCE 26
1 Connected and accessible city 28
Transport, council works, our websites
2 Innovative and vital business city 34
Local and international business development
3 Inclusive and engaging city 40
Services for the community, events, arts and culture
Melbourne 2006 Commonwealth Games
4 Environmentally responsible city 60
Water, waste, greenhouse gas emissions
5 Well-managed and leading corporation 66
Governance, human resources, public consultations
6 Financially responsible corporation 92
Financial performance, surplus, donations and grants
Event calendar 96
Strategic objectives indicator report 98
Performance statement 104

OUR FINANCIALS 112
Understanding our financials 114
Standard statements 117
Financial statements 126
Glossary 172
Index 174
Five-year statistics 177

Cover image: *The Travellers*, designed by international artist Nadim Karam, is a feature of the City of Melbourne's Sandridge Bridge precinct redevelopment. The sculptures were inspired by Indigenous and migration themes, and each sculpture represents a different period in Melbourne's history. This project was a collaboration between the City of Melbourne and the Victorian Government.

Open here to view a summary of our performance under our strategic objectives in 2005-06.

OUR CITY PG. 06

About Melbourne
About the City of Melbourne

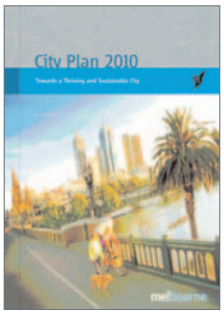
OUR PERFORMANCE PG. 026

Performance under our strategic objectives
Events calendar
Strategic objectives indicator report
Performance statement

1 Connected and accessible city PG. 028
2 Innovative and vital business city PG. 034
3 Inclusive and engaging city PG. 040
4 Environmentally responsible city PG. 060
5 Well-managed and leading corporation PG. 066
6 Financially responsible corporation PG. 092

OUR FINANCIALS PG. 112

Understanding our financials
Standard statements
Financial statements



City Plan 2010

Council Plan and City Plan

The City of Melbourne's *Council Plan 2005-2009* is the guiding document for this annual report.

Our council plan was developed using our long-term vision for the city, *City Plan 2010*. Our council plan outlines the strategies we will complete to ensure Melbourne continues to shine as one of the world's most liveable cities.

CITY OF MELBOURNE

ABOUT THIS REPORT

Who we are

Melbourne City Council is the local government body responsible for the municipality of Melbourne. Melbourne City Council consists of a lord mayor, a deputy lord mayor and seven councillors. The organisation also has a chief executive, seven directors and more than 1,100 staff.

Our municipality has more than 65,000 residents, more than 12,500 businesses and more than 328,000 workers. The municipality covers 36.5km^2 and includes the central business district, 11 suburbs and precincts, three major watercourses, 315km of roads and 566.7ha of parkland.

Our performance matters

We take our performance seriously. It's up to us to ensure Melbourne reaches its potential as a capital city, with excellent services, great business prospects and a thriving community.

As a capital city local government, we must lead by example in our performance, and in our reporting. We are committed to open, clear communication – and to 'telling it like it is'.

Measuring performance

Our strategic objectives and key strategies were set out in our *Council Plan 2005-2009*. These were used to prioritise our activities for 2005-06. Actions and deliverables relating to these activities were set for every work area and individual within the organisation, to be completed by 30 June 2006.

We measure our success by our achievement of strategies in our council plan.

This annual report is part of our integrated planning framework. Our council plan sets our objectives and strategies; our performance statement measures our success; and our annual report presents the results.

MELBOURNE IS THE CAPITAL CITY OF VICTORIA, AUSTRALIA

Sustainability reporting

Our previous annual report, the *City of Melbourne Annual Report 2004-05*, included integrated sustainability reporting, developed using the Global Reporting Initiative's guidelines.

This year, we are producing a separate sustainability report, the *City of Melbourne Sustainability Report 2005-06*. Information about this document is included here on page 20. The completed sustainability report will be available on the City of Melbourne website in November 2006.

Report audit

Internal controls

The content of this annual report has been reviewed by relevant managers, directors, councillors, and the chief executive. Preparation and publication of this annual report is the responsibility of our Corporate Performance Director, Linda Weatherson. A meeting of the Melbourne City Council will consider this annual report in October 2006.

External audit

Our performance statement (from page 104) and our financial report including the standard statements (from page 112) have been approved by the Victorian Auditor-General's office.

Our audience

The community, residents, ratepayers, businesses, our staff, our partners and government departments and agencies can all be affected by decisions made at the City of Melbourne, and all stand to benefit from association with our great city.

Talk to us

More information

If you would like more information about any item in this report, we'd love to hear from you.

Send your questions by email to **enquiries@melbourne.vic.gov.au** or post to:

Corporate Communications
City of Melbourne
PO Box 1603
Melbourne VIC 3001

Our website, **www.melbourne.vic.gov.au** has more information about City of Melbourne activities, policies and plans for the future, or you can call the City of Melbourne on 61 3 9658 9658.

Feedback

A feedback form has been included with this report. We'd be delighted if you could take the time to send it back to us. Your valuable comments will be used in the development of our annual report for 2006-07. The feedback form is also available online at **www.melbourne.vic.gov.au/annualreport**

Paper and production

This report was designed by house mouse design pty ltd, and was printed by Ellikon Fine Printers. This report was printed on Zanders Mega Matt paper, made from a combination of recovered fibre (50 per cent) and commercially managed forest (50 per cent).
The paper was manufactured using elemental chlorine-free pulp. Vegetable-based inks were used for printing.

1 Connected and accessible city

Achievements

Our draft *Melbourne Transport Strategy* looks at ways to make the most of our transport infrastructure to accommodate increased demands in the future. The strategy focuses on increasing access and reducing congestion, and looks at ways to increase cycling, walking and public transport use in the city. The draft strategy, completed in 2005-06, was developed in partnership with the Victorian Government's Department of Infrastructure.

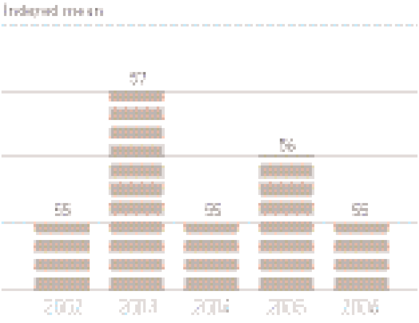
The first meeting of the Lord Mayor's Melbourne-Delhi working party was held with key Indian community representatives. The working party provides advice to the Melbourne City Council on developing a proposal for a strategic alliance between Melbourne and New Delhi. If successful, this strategic alliance will create connections and knowledge-sharing between the two cities.

Fawkner Park has been a centre of community activity for the past 140 years, and in 2005-06, the first *Fawkner Park Master Plan* was developed to guide the park's management and development for the next 10 years.

Melbourne's Carlton Gardens and Royal Exhibition Building were placed on the World Heritage List in July 2004. Activities recommended in the City of Melbourne's *Carlton Gardens Master Plan* began in 2005-06, designed to protect the heritage value of the gardens; and to cater to the park's users.

Disappointment

Community satisfaction with traffic management and parking facilities



Source: Local Government Community Satisfaction Survey, Department for Victorian Communities, 2006.

Community satisfaction with our traffic management and parking facilities fell in 2005-06. Our performance was also lower than other Victorian councils. While city parking is a challenge in any capital city, the City of Melbourne is always looking at ways to improve parking facilities in the city, and is also looking to promote alternatives to driving.

Looking ahead

A *Southbank Plan* has been developed by the Victorian Government in partnership with the City of Melbourne. The plan, to be launched in July 2006, will guide the organisation in its mission to make Southbank a truly thriving community and a lively centre for art and culture in Melbourne. The plan lists six projects based on six principles for the public environment in Southbank, and the City of Melbourne will be working to help make these projects happen in 2006-07 and beyond.

Connected and accessible city
More on page 28

2 Innovative and vital business city

Achievements

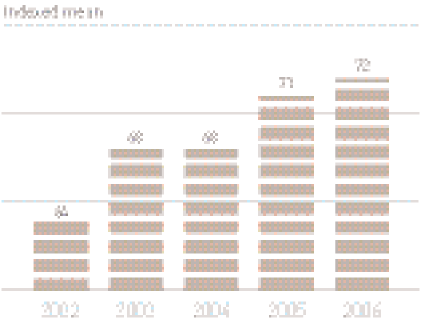
Melbourne's Bourke Street Mall was refurbished in 2005-06, giving the heart of our retail centre a new look. Improvements focused on removing clutter and improving the flexibility of the space for public events. Accessible tram stops were also part of the mall redevelopment.

More than 80 mayors and local government representatives came to Melbourne for the Mayors' Asia-Pacific Environmental Summit in May 2006. The summit explored ways local government leaders could develop environmental investments for their communities. This was the first time the summit had been held in Australia, and attendees included the Vice-Governor of Phnom Penh, Cambodia, and the mayors of Hiroshima, Japan; Kolkata, India; and Rawalpindi, Pakistan. The summit helped to increase awareness of Melbourne in the Asia-Pacific as a regional and world leader in sustainability planning and policy.

A multi-million dollar deal was signed between a Tianjin pharmaceutical company, the China Development Bank Tianjin Branch and the Melbourne-based International Program Funds of Australia in November 2005, to develop Chinese medicine in Australia and other western markets. Melbourne biotechnology businesses will share in this $170 million clinical trial program as a result of the City of Melbourne's Mission to China in September 2005, led by Lord Mayor John So.

The City of Melbourne's small business development program gave grants to 13 'start-up' businesses in 2004-05. By 2005-06, this support had helped create 102 jobs, $2.1 million investment in the city and $7.6 million in turnover – an excellent result for the city.

Community satisfaction with economic development



Source: Local Government Community Satisfaction Survey. Department for Victorian Communities, 2006

Our customer satisfaction rating for economic development has remained steady in 2005-06. The City of Melbourne supports its businesses both locally and overseas, and our commitment to the growth of our city is demonstrated in this result. Our performance was also rated higher than all other councils surveyed.

Disappointment

While the Mayors' Asia-Pacific Environmental Summit, held in May 2006, was a success in promoting environmental development opportunities, we were unable to attract private sector sponsors to support this event. Early interest in the summit was not converted into sponsorship dollars.

Looking ahead

Work has started on the development of a new *Knowledge City Strategy* for Melbourne, to promote and build upon the intellectual wealth of our city. We are now working with RMIT University and the Melbourne Vice Chancellors Forum in examining the needs of international students to extend Melbourne's capacity as a knowledge city.

The *Melbourne Retail Strategy 2006-2012* will be completed in July 2006. The strategy is a joint initiative between the Victorian Government retail sectors and the City of Melbourne and includes plans for making Melbourne an international retail destination. The strategy includes recommendations such as a 'city shopping festival' and the introduction of retail ambassadors to help tourists discover Melbourne's shopping secrets.

Innovative and vital business city
More on page 34

3 Inclusive and engaging city

Achievements

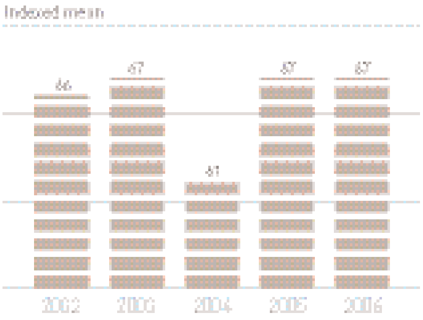
The Melbourne 2006 Commonwealth Games was the largest sporting event ever staged in Melbourne. In March 2006, more than 90,000 international visitors, along with thousands of athletes and officials, arrived in our city from the 71 competing nations of the Commonwealth. More than 90 per cent of Games activity took place within the City of Melbourne municipality, attracting record crowds. More than 80 per cent of residents agreed the Games have left a positive legacy. Our budget of $30.949 million included financial support of $19 million for city improvements.

As expected, all work on the Sandridge Bridge precinct project was completed in 2005-06. The project was an opportunity for the City of Melbourne to create a new public space, and to better connect the north and south banks of the Yarra River. The Sandridge Bridge precinct project included: the creation of a public square, Queensbridge Square; the redevelopment of the Sandridge Bridge (including installation of *The Travellers* public art); an amphitheatre; landscaping and improved pedestrian and bike access.

The Melbourne Mobility Centre opened in 2005-06, and is available for visitors and residents in need of help or support in getting around the city. The centre provides services for people of all abilities, including: hire of wheelchairs and walking frames; city access information; accessible toilets; telephones (TTY), internet and maps; and volunteer support services. The centre was developed in partnership with government agencies and Federation Square management.

In March 2006, the free Melbourne City Tourist Shuttle began operation in the city. The shuttle bus takes visitors and residents to popular tourist and retail locations around the city. By June 2006, passengers riding the shuttle bus had increased more than 50 per cent, with more than 40,000 people using the service between March and June. Buses depart from each stop every 15 to 20 minutes, at 15 locations around the municipality.

Community satisfaction with health and human services



Source: Local Government Community Satisfaction Survey. Department for Victorian Communities, 2006

After a significant increase in 2005, our customer satisfaction rating in health and human services was maintained in 2005-06.

Disappointment

The City of Melbourne made a commitment to prepare a social inclusion framework by 30 June 2006. The framework was not completed by this date. Through extensive consultation conducted in 2005-06, the concept has evolved to include new initiatives to further strengthen our relationship with our community. We are now also working to ensure the framework will be aligned with Victorian Government policy. The framework will be completed in 2006-07.

Looking ahead

'Signal' will be a new arts centre for young people (aged 13 to 18), hosted in a rail signal box on the north bank of the Yarra River. Damaged by fire, the building needs significant refurbishments before this project can open its doors to Melbourne's youth. Signal's outdoor youth arts program is scheduled to begin in late 2006, and the centre is scheduled to open in June 2007.

Our experience of preparing for and hosting the Commonwealth Games means we are now in a great position to share our knowledge with other cities planning for similar major international sporting events. In 2006-07, we will work to develop new relationships and create new business opportunities with cities bidding for the 2014 Commonwealth Games: Glasgow; Abuja; and Halifax.

Inclusive and engaging city
More on page 40

4 Environmentally responsible city

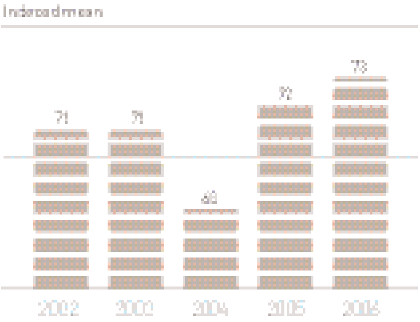
Achievements

A new *Waste Management Strategy* was endorsed by the Melbourne City Council in November 2005. This document is the organisation's long-term plan for sustainable waste management and includes 21 actions to improve waste management in Melbourne. Actions in the strategy include: support, services and education for businesses; a program for apartment dwellers; and investigating the possibility of using a single bin system for the collection of waste and recyclables.

The City of Melbourne completed the new Royal Park Wetlands project in 2005-06. These urban wetlands have been designed to treat stormwater run-off from the roads, rooftops and gutters of the surrounding suburbs. Called Trin Warran Tam-boore, the wetlands are also a new habitat for native wildlife. Water filtered by the wetlands is recycled for use in irrigating surrounding sports fields and parkland.

The City of Melbourne's *Zero Net Emissions Strategy* sets targets for the reduction of greenhouse gas emissions (both for the organisation and for the municipality), with the ultimate goal of zero net emissions by 2020. The strategy sets milestone targets leading up to 2020, but by 2005-06, the organisation was already close to achieving its organisational 2010 milestone target. In response, we increased our short-term organisational target to aim for a 50 per cent reduction in emissions by 2010.

Community satisfaction with waste management



Source: Local Government Community Satisfaction Survey. Department for Victorian Communities, 2006

Satisfaction with our waste management services continues to increase. This pleasing result was achieved in a year when Melbourne hosted a major international event with an extra 90,000 people in our city. The Commonwealth Games was a big test for our waste management services and, happily, we passed the test.

Disappointment

Community Power is a not-for-profit renewable-energy purchasing group supported by the City of Melbourne and other local councils in providing affordable green energy. Now in its second year, more than 1,500 customers joined the program in 2005-06. However, only 13 of these were City of Melbourne residents. A promotional campaign to increase residential membership has been planned for 2006-07. We will also work to ensure better performance from the energy provider.

Looking ahead

The *City of Melbourne's Greenhouse Action Plan 2006-2010* will guide the City of Melbourne in its decisions about energy use. The plan will take our new organisational greenhouse gas emission targets into consideration, and will include strategies for increasing energy efficiency in buildings and streetlights. The plan will also call for the establishment of an offsets program to neutralise any residual emissions. Fleet management initiatives are also included in the plan.

Environmentally responsible city
More on page 60

5 Well-managed and leading corporation

Achievements

Leadership at the City of Melbourne was a focus of 2005-06, with the launch of our new leadership development program, Altitude. Staff with leadership potential were recruited to participate in a series of leadership skill development workshops and activities. Altitude also supports newly appointed leaders and executives with coaching, guidance and feedback sessions.

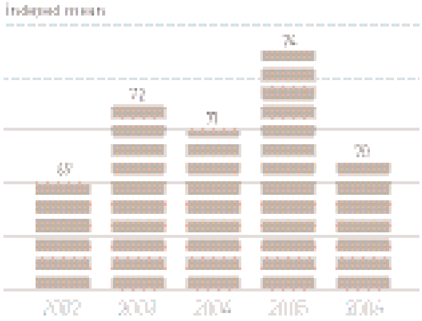
Our *City of Melbourne Annual Report 2004-05* was confirmed as a best practice report when it received a gold award at the Australasian Reporting Awards in June 2006. The report, which included detailed sustainability reporting, was also judged the best overall report at the Municipal Association of Victoria's annual report awards. The report was completed on time and under budget.

In 2005, the City of Melbourne successfully negotiated the *Melbourne City Council Enterprise Agreement* (2005). This agreement was developed following extensive consultation with staff and unions. The agreement covers awards, superannuation, education assistance, dispute resolution processes, transport, leave, accommodation, occupational health and safety and many other aspects of working life. Employees voted to accept the terms of the agreement that was ratified by the Industrial Relations Commission in November 2005.

The City of Melbourne launched a new customer relationship management system in October 2005. Our new system brings all areas of customer service into a centralised database. The new system allows us to collect data on common queries and issues, helping us tailor our services to suit customer needs, and was developed as part of the City of Melbourne's *Customer Service Strategy*.

Disappointment

Community satisfaction with overall performance



Source: Local Government Community Satisfaction Survey. Department for Victorian Communities, 2006

Overall satisfaction with the City of Melbourne's performance fell in 2005-06. This is a surprising result, and is the first time satisfaction has dropped significantly since 2001. Satisfaction ratings for most of our services have not decreased, making this drop in overall satisfaction difficult to explain. Residents listed traffic and parking management, community engagement, and town planning as areas in need of improvement by the organisation.

Looking ahead

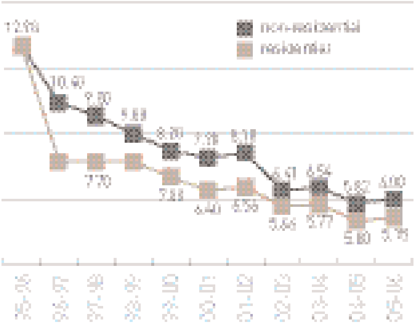
A natural progression from the launch of our new customer relationship management system is the development of a 'total customer contact centre plan'. At the moment, our customer relationship management system records only telephone contacts. A total plan would include text messages, emails, faxes and other contact methods as well as telephone calls. This change will put us in a great position to capture, monitor and respond to most, if not all, community issues. Streamlining our services through one contact point will also reduce administrative costs.

Well-managed and leading corporation
More on page 66

6 Financially responsible corporation

Achievements

Rates in the City of Melbourne



Source: Internal data.

This graph tracks the rates (cents in the dollar) for residential and non-residential properties. The results show a steady decrease during the past 10 years, reflecting our consistently strong financial management.

Investment in council works projects continues to meet the needs of the city, and ensured the city was presented in pristine condition for the Commonwealth Games. The City of Melbourne committed $97.2 million to our council works program in 2005-06, funding major projects such as CH2, Sandridge Bridge and Northbank and the Argyle Square Piazza Italia.

The City of Melbourne has continued to deliver an operating surplus since 2000-01. In 2005-06, the City of Melbourne enjoyed a very strong financial performance, achieving a surplus of $14.8 million.

The City of Melbourne maintained its debt-free status and Standard and Poor's AAA credit rating, first achieved in March 2000.

A revised investment strategy was approved by the Melbourne City Council during 2005-06, establishing a reserve of $24 million to be used in achieving the City of Melbourne's strategic initiatives.

Disappointment

The tender process for the Melbourne Wholesale Fish Market business and site was expected to be completed by June 2006 but is not yet complete. Constraints on the title will need to be revoked or varied before the tender process can be completed and negotiations with the Victorian Government will continue in 2006-07.

Looking ahead

The City of Melbourne will mark a new milestone in the history of the Melbourne Docklands with the transfer of the municipal authority of the precinct from the Victorian Government. We will take formal responsibility for all municipal activities and functions associated with the integration of the Docklands to the City of Melbourne in 2007.

Financially responsible corporation
More on page 92

TAKING MELBOURNE TO THE WORLD

Lord Mayor John So

John So

The biggest-ever party

Together we staged Melbourne's biggest ever party, welcoming 4,500 athletes from 71 nations, viewed by an estimated television audience of one billion people. More than 1.5 million tickets were sold to Commonwealth Games events, increasing city pedestrian movement by 40 per cent.

Record crowds also cheered our 51st Moomba Parade, just days before the unforgettable river show opening ceremony, at which 2006 Melburnian of the Year, Ron Barassi, walked on water.

The Games were simply the best, providing impetus to help deliver lasting legacies on time and on budget – Princes Bridge; the Sandridge Bridge precinct with the Sandridge Bridge refurbishment, multicultural installation *The Travellers* and the youth-focused Northbank; the improved Bourke Street Mall; Lygon Street's Piazza Italia; Lincoln Square's Bali Memorial; and a five-hectare wetland, Trin Warren Tam-boore, at Royal Park. Another legacy, the Lord Mayor's Charitable Fund's Children's Fitness Trust, fights obesity and continues to attract large donations.

As Makybe Diva, New Year's Eve revellers and World Cup fans all proved, Melbourne loves to celebrate, and the party continues with Edna Fest and a 2007 event-packed calendar. March features no less than 10 world-class events, including the world's fifth biggest sporting event – the FINA World Swimming Championships – and the Melbourne Osaka Cup Double Handed Yacht Race, an epic 5,500 nautical mile journey.

Booming ahead

More than 690,000 people now live, work and visit the City of Melbourne each day – a 20 per cent increase on just four years ago. A clean, welcoming and safe city is fundamental to our success.

- In the 13 years since the landmark Postcode 3000 campaign, the central residential population has increased ten-fold, up from 1,900 to 22,800 residents.
- Student enrolments in the City of Melbourne have doubled since 1998 from 28,000 to 53,000 students. We are a global leader in attracting tertiary students.
- In four years, outdoor cafes and restaurant seats grew by 84 per cent from 5,700 to 10,470.
- In 10 years, central city public open space in squares and streets has increased 70 per cent from 42,240 square metres to 72,000 square metres – and Birrarung Marr adds another 69,200 square metres.

With $2.2 billion in assets, significant cash reserves and low rates, the City of Melbourne has maintained its AAA credit rating from international ratings agency Standard and Poor's.

Transport for the future

A greener, cleaner, less congested city offers benefits for everyone. We are working towards creating excellent transport choices. Opportunities to keep the city prosperous into the future include:

- expanding the popular free Tourist Shuttle Bus loop, currently linking 5 precincts;
- creating more affordable short-term car parking; and
- making the city even more bicycle and pedestrian friendly.

The City of Melbourne's Moving People and Freight strategy calls for:

- a $6 billion north-south rail tunnel running from Brunswick to South Yarra with new stations under hospitals in Parkville, Carlton and the Domain;
- a $1 billion rail line to Doncaster along the Eastern Freeway and then by tunnel to Parkville (linking with the north-south tunnel); and
- a $3 billion east-west road freight tunnel linking the Eastern Freeway with City Link.

Child care and the community

Child care is a national challenge and the City of Melbourne is determined to meet its commitment to increase the number of child care places in Melbourne, while maintaining affordability and high quality. We have already made a commitment to create 200 new places by 2008, costing in the order of $15 million dollars. But we will continue to pursue all available avenues and this number could increase to more than 460 new places created.

We will continue to work toward new community centres in Carlton and Southbank, and look forward to improved facilities and more public open space in North Melbourne with the planned re-development of Arden Street.

Our new East Melbourne Library and Community Centre has been designed using new environmental technologies to provide a lasting resource. The community now has access to better resources and places to meet at this fantastic facility.

Connecting with the water

Docklands, our biggest challenge ahead, is the largest urban renewal project in Australia with more than $9 billion worth of private investment. When fully developed, more than 20 million visitors are expected annually. The City of Melbourne has started reintegration of the Docklands area from under the authority of VicUrban, and back into our municipality. Residents and business owners can now access our full range of municipal services and will be able to vote in the next local government elections in 2008. Earlier this year, the Volvo Ocean Race, the world's premier around-the-world ocean race, stopped at Docklands, bringing about $26 million in benefits.

The City of Melbourne is contributing $43 million to municipal works development of the new six-star green rated $1 billion Melbourne Convention Centre precinct on the Yarra River. The new river precinct will secure our position as a premier destination on the global business event market and strengthen our title as a waterfront capital.

Sustainability and innovation

In May, Melbourne hosted the Trade Development Alliance of Greater

remarkable

Seattle and the Mayors' Asia Pacific Environmental Summit with Enviro 2006, bringing together committed leaders and influential scholars. Delegates marvelled at the construction of one of the world's greenest multi-storey office building, CH_2. Our United Nations award-winning building, CH_2, is a symbol of what can be achieved with visionary thinking and local know-how.

International connections

Melbourne's generosity helped more than one million people across the Sri Lankan coast affected by the Boxing Day South Asian Tsunami in 2004. Our five projects are near completion and provide educational, sporting and medical resources.

After handing the Commonwealth Games Queen's Baton to Delhi, we look forward to strengthening our business and cultural ties with the Indian capital as it prepares to host the 2010 Games.

In September, I led a 100-delegate-strong mission to China. As we celebrated our 25-year-long sister city relationship with China's fourth-largest city, Tianjin, we facilitated biotechnology and training opportunities.

In the global arena, it is the forward-thinking cities that will lead the world's communities to greater peace and prosperity. Melbourne confidently engages in the global economy – as our state's capital, as Australia's gateway to the Asia Pacific, and as an independent hub of activity. Together, we are bringing the world to Melbourne and taking Melbourne to the world.

By any measure, the past year has been a remarkable one in our city's history. Melbourne is prospering and our shared future is exciting.

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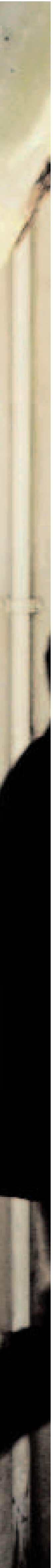


WORKING TOGETHER FOR MELBOURNE

Chief Executive David Pitchford

David Pitchford

This year was an exceptional one that showcased Melbourne on the world stage.

Our great city took on the task of hosting its biggest-yet sporting event, the Commonwealth Games; we welcomed and shared our knowledge with many key international delegations; helped position Melbourne on the world stage; and continued to provide hundreds of quality services and activities for more than 690,000 people who visit, work or live in the city every day.

At the City of Melbourne, we are united under a common purpose, *Working together for Melbourne*, a simple summation but a powerful message and one we demonstrated so well this year.

The achievements outlined in this annual report are a result of the City of Melbourne's *Council Plan 2005-2009*, the most far-reaching and intensive plan the City of Melbourne has created.

Our performance

It has been a year of highlights, with none greater than the successful staging of the Melbourne 2006 Commonwealth Games. Melbourne's performance as the sporting and event capital of Australia was hailed as its greatest ever, and provided enviable national and international positioning. All our major projects were completed on time, staff were prepared, processes were in place, and the city looked terrific. Melbourne shined for those two weeks in March, and the success of the Games is a huge compliment to the enthusiasm, professionalism, and dedication of our staff.

In September, the City of Melbourne's global positioning strategy saw the Lord Mayor lead the biggest business and trade mission to depart Melbourne.

The mission to Beijing, Tianjin, Guangzhou and Hong Kong included more than 100 representatives from Victorian organisations and companies, and saw Melbourne gain a share of projects valued at almost $200 million. This year also saw the largest trade mission from China set foot in Melbourne. Led by the Mayor of Tianjin, this mission was to celebrate the 25th anniversary of the Melbourne/Tianjin sister city relationship.

In May, we welcomed more than 90 business and government leaders from the Trade Development Alliance of Greater Seattle. The week-long visit saw the group examine and analyse every aspect of the operation of our city. This led to an agreement between the two cities to move towards a full commercial relationship, which is likely to see a similar trade mission from Melbourne visit the north-western United States in 2007.

In an environmental sense, the construction of CH$_2$ (our new administration building) has seen a dream turning into a reality. CH$_2$ will establish Melbourne's environmental credentials, as the first new six-star green rated office development in Australia, and possibly the world. Apart from producing Australia's best workplace, the City of Melbourne will establish itself as an international leader in environmental design and its application to urban development.

Financial performance

Our financial performance continues to be strong with the level of rate increases at one of the lowest in the state, strong growth in our investment portfolio and a pleasing Council surplus of $14.8 million. This financial platform enables the city to perform as a credible capital city government and a truly genuine global city.

Future opportunities

While we highlight the achievements from the past year, it is also important to acknowledge opportunities for improvement. Following the April 2006 release of the Ombudsman's Report into parking infringement notices issued at Docklands, we have fully implemented the Ombudsman's seven recommendations. We have undertaken a thorough review of management in the Parking and Traffic branch and developed 46 directions underpinning the necessary business and operating reforms within the branch.

Despite this setback, we will strive to make this a case study on how to get things right. It is our desire that these changes will lead to a new workplace culture, and that this branch will become the most professional and trusted of its kind in Australia.

Undeniably, both the greatest opportunity and the greatest challenge for the city will be the transfer of the Docklands back to the City of Melbourne in 2007. This project, the largest urban renewal development in Australia's history, will double the size of the central business district and reinforce our place in Australia and the world.

The City of Melbourne will continue to embrace the engagement with VicUrban for the complete development of Docklands as the newest part of what will now be a genuine waterfront city.

In an organisation of this size there have been many outstanding achievements and, of course, not all of them can be discussed here. All the same, the level of activity and delivery on results that has been achieved this year goes far beyond what we have ever achieved before.

Congratulations to everyone.

CITY OF MELBOURNE

OUR CITY

Our beginnings

The people of the Kulin Nation are the traditional owners of the land that became Melbourne, including the Woiworung, Boonerwrung, Taungurong, Djajawurrung and the Wathaurung people, who gathered here for ceremonies and cultural activities.

The landscape before white settlement consisted of open woodland and gently undulating plains rich in food sources including plants and wildlife. Native animals in the area included kangaroos, birds and possums. Aboriginal tribes lived here for more than 40,000 years and managed the land as part of their culture, a way of life known as ‘caring for country’. Different groups were responsible for looking after particular areas of the land.

Melbourne, the city, was founded in 1835 by white settlers from Tasmania who arrived on the shores of Port Phillip Bay looking for sheep pastures. A proclamation – that Aborigines would be trespassing if they entered Crown Land – set the tone for dealings with Melbourne’s original inhabitants for many years to come. Our orderly grid of city streets was originally laid out in 1837. Many buildings have been raised and erased since then, but the streets and parks created in 1837 remain.

In 1842, Melbourne was incorporated as a town with a town council, elected to conduct the affairs of the town, and by 1849 Melbourne was officially a city.

Melbourne today

The City of Melbourne is Victoria’s national and international gateway, the seat of the Victorian Government and the headquarters of many Victorian, national and international companies, peak bodies, non-government organisations and Australian government agencies.

Melbourne is a growing city, with an increasing population and expanding boundaries. We are home to people from more than 140 countries, and host an impressive calendar of international events. We have won international awards in areas as diverse as our ‘liveability’, our green building design and our business innovations. Melbourne is a cosmopolitan city, a happy community, a thriving business hub, a focal point for arts and culture and a great place to work and play.

More about Melbourne

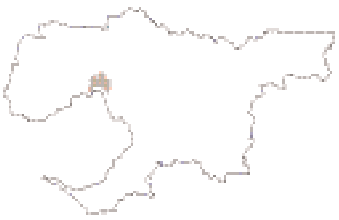
The City of Melbourne website is a great source of information about Melbourne, its history, demographics and direction. Our website includes:

- services for residents, businesses, students, workers and visitors;
- research and statistics;
- a detailed history of the council, the Town Hall, and Melbourne; and
- our plans for the future.

Visit our website at:
www.melbourne.vic.gov.au

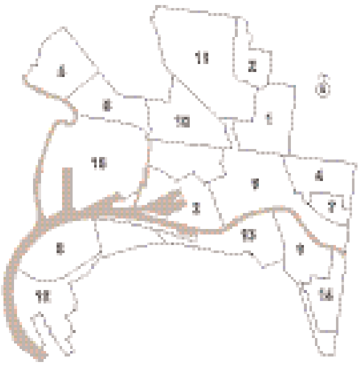
Melbourne, Australia

Melbourne, the capital of Victoria, is on the south-east edge of Australia, at the apex of one of the world’s largest bays, Port Phillip. Melbourne is Australia’s second-largest city.



Metropolitan Melbourne

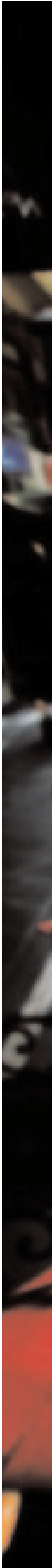
Focused around a central business district, metropolitan Melbourne’s 7,800km^2 of suburbs spread more than 40km to the south, are hemmed in by the picturesque Dandenong Ranges 30km to the east, extend 20km to the north and sprawl across vast, flat basalt plains to the west.



City of Melbourne

The City of Melbourne serves the municipality of Melbourne. The municipality is 36.5km^2 and shares its borders with seven other councils.

1	CARLTON
2	CARLTON NORTH
3	DOCKLANDS
4	EAST MELBOURNE
5	FISHERMANS BEND
6	FLEMINGTON
7	JOLIMONT
8	KENSINGTON
9	MELBOURNE
10	NORTH MELBOURNE
11	PARKVILLE
12	PORT MELBOURNE
13	SOUTHBANK
14	SOUTH YARRA
15	WEST MELBOURNE



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Snapshot of a growing city

	Melbourne municipality now	Melbourne municipality then	Melbourne metro now	Did you know?
Population	The City of Melbourne has more than 65,000 residents.	In 1991, our municipality had a population of 34,660.	Metropolitan Melbourne has an estimated population of 3,600,080. The City of Melbourne makes up two per cent of this.	Our residential population has an annual growth rate of 5.5 per cent. We are one of Victoria's fastest-growing municipalities.
Young people living in the city	24 per cent of our residents are between 25 and 34 years.	In 1991, 20.2 per cent of our residents were between 25 and 34 years.	In metropolitan Melbourne, 16 per cent of people are between 25 and 34 years.	More than 23,700 students live within our municipality, including more than 12,600 international students.
Birthplace	38 per cent of our residents were born overseas.	34 per cent of residents were born overseas in 1981.	In metropolitan Melbourne, 29 per cent of residents were born overseas.	The official language in Melbourne is English, but more than 100 languages are spoken by our residents.
Languages spoken at home	30 per cent of our residents speak a language other than English at home.	33 per cent of residents spoke a language other than English at home in 1991.	26 per cent of residents in metropolitan Melbourne speak a language other than English at home.	The most common languages (after English) are Mandarin, Cantonese and Indonesian.
Median house prices	The average cost of a home in the City of Melbourne in March 2006 was $540,000.	In 1991, the average cost of a home in Melbourne was $132,319.	The average cost of a home in metropolitan Melbourne in March 2006 was $359,500.	14 per cent of City of Melbourne households own one or more car, compared with 11 per cent in 1981.
Employment	Employment continues to grow, with more than 328,000 people employed within our municipality.	In 1986, 225,647 people were employed within the municipality.	1,544,000 people were employed in metropolitan Melbourne in 2001.	The property and business services sector and the finance and insurance sector employ more Melburnians than any other industry.
Journey to work	39 per cent of workers use public transport to get to work. 42 per cent drive to work.	In 1996, 37 per cent of people used public transport and 49 per cent drove to work.	Across metropolitan Melbourne, 11 per cent of people use public transport to get to work, while 69 per cent drive.	Melbourne's public transport system includes trains, trams and buses.

Information in this table was sourced from: City of Melbourne Census of Land Use and Employment, 2004; Australian Bureau of Statistics Census data for 1981, 1991 and 2001; Australian Bureau of Statistics Estimated Residential Population data; and the Real Estate Institute of Victoria (house prices).

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Our organisation

Melbourne City Council

Melbourne City Council is a public statutory body incorporated under the *Local Government Act* (1989). The Act sets out the purposes and objectives of the council, and defines its functions and powers.

Melbourne City Council's headquarters is the Melbourne Town Hall in Swanston Street, Melbourne.

The Melbourne City Council also has three wholly owned subsidiary companies, two associated companies, one joint venture and a trust fund. All but one of the associated companies are based within the municipality.

Melbourne City Council is generally referred to as the City of Melbourne.

Our vision, mission and values

Vision

Melbourne, the capital of Victoria, will be internationally recognised for the opportunities it offers all Victorians to live, learn, work and prosper.

Melbourne is a vibrant, thriving and sustainable city that is viewed with pride by all Victorians.

Mission

We are committed to:

- ensuring that the operations of Melbourne City Council are socially, economically and environmentally sustainable;
- encouraging and facilitating sustainable social, economic and environmental development and prosperity;
- promoting Melbourne's advantages;
- transparent and accountable governance;
- best value customer service;
- maintaining and enhancing the liveability of the city by providing quality assets and associated services; and
- building on the city's strategic advantages.

Working together for Melbourne

With the purpose of Working Together for Melbourne in mind, all staff – from our executives to our volunteers – are encouraged to share, collaborate, consider others and to work together for the benefit of all.

The City of Melbourne works to build on its already strong relationships with our stakeholders, including the community, businesses and the Victorian Government, creating new opportunities that will help us achieve our vision for sustainable development.

Values

Our values are:

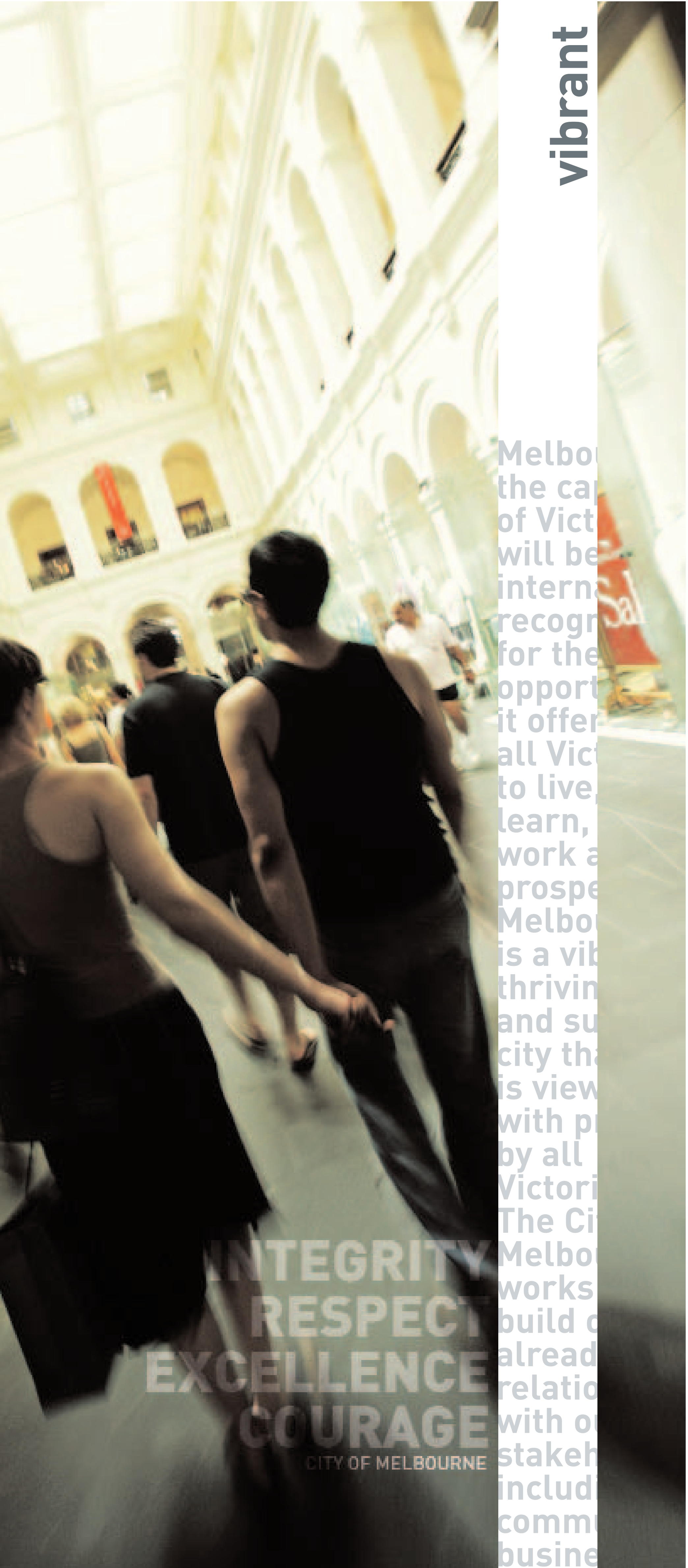
Integrity I will do and others will see it.

Respect I will treat others as I expect to be treated.

Excellence I will do the best that I can.

Courage I will make a difference.

Our staff contributed to the development of these corporate values. Our values help us 'work together for Melbourne' by guiding us in our behaviour.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CITY OF MELBOURNE

Realising our vision

As our vision states, we want Melbourne to reach its full potential as a thriving and sustainable city.

Our *Council Plan 2005-2009* identifies six strategic objectives that we are working towards in the pursuit of our vision.

The first four strategic objectives reflect our aspirations for the city:

1. **Connected and accessible city;**
2. **Innovative and vital business city;**
3. **Inclusive and engaging city; and**
4. **Environmentally responsible city.**

A further two strategic objectives are focused on the organisation's internal performance and give direction for the good governance and management of the organisation:

5. **Well-managed and leading corporation; and**
6. **Financially responsible corporation.**

Your council

Melbourne City Council

Melbourne City Council comprises a lord mayor, deputy lord mayor and seven councillors. Voters vote in two simultaneous elections, one for the leadership team (lord mayor and deputy lord mayor), and one for the seven councillors.

Under the provision of the *City of Melbourne Act* (2001), the City of Melbourne is not divided into wards. This means that the leadership team and councillors are elected by voters across the municipality.

The leadership team election is conducted using the preferential voting system, and the councillor election is conducted using the proportional representation voting system.
The current council was elected for a four-year term in November 2004.

Melbourne City Council comprises a lord mayor, deputy lord mayor and seven councillors.

Role of the council

The role of the council is to provide leadership for the good governance of Melbourne. The council serves the Melbourne community including: ratepayers, residents, businesses, workers, visitors, community groups and investors.

The council is responsible for:

- acting as a representative government by taking into account the diverse needs of the local community in decision making;
- providing leadership by establishing strategic objectives and monitoring the achievement of those objectives;
- maintaining the viability of the council by ensuring that resources are managed in a responsible and accountable manner;
- advocating the interests of the local community to other communities and governments;
- acting as a responsible partner in government by taking into account the needs of other communities; and
- fostering community cohesion and encouraging active participation in civic life.

Councillor qualifications

A person is qualified to be a candidate for the office of councillor if he or she is enrolled on the City of Melbourne voters' roll or is entitled to be enrolled on the City of Melbourne voters' roll.

Meet your Council

Lord Mayor John So

First elected in 1991.

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

- City of Melbourne Audit Committee;
- Anti-Cancer Council of Victoria;
- Capital City Committee;
- Council of Capital City Lord Mayors;
- Committee for Melbourne;
- Crime Prevention Council;
- Lord Mayor's Charitable Fund; and
- Shrine of Remembrance.

Deputy Lord Mayor Gary Singer

First elected in December 2004.

The Deputy Lord Mayor is the acting chair for each Melbourne City Council committee, and represents the City of Melbourne on the following advisory committees and external organisations:

- City of Melbourne Audit Committee;
- Cultural Affairs Advisory Board;
- Public Art Committee;
- Capital City Committee; and
- Melbourne Symphony Orchestra.

Cr Catherine Ng

First elected in July 2001.

Cr Ng is chair of the Melbourne City Council Planning Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- Heritage Advisory Committee;
- Inner Melbourne Action Plan (IMAP) Implementation Committee;
- Melbourne Transport Committee; and
- Metropolitan Transport Forum.

Cr Fraser Brindley

First elected in December 2004.

Cr Brindley is chair of the Melbourne City Council Environment Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- International Council for Local Environment Initiatives (ICLEI) Executive Committee;
- Metropolitan Environment Forum;
- Municipal Association of Victoria Strategic Environment Advisory Group;
- Community Power Steering Group;
- Western Regional Waste Management Group;
- Fawkner Park Master Plan Reference Committee; and
- Royal Park Master Plan Implementation Advisory Committee.

Cr Fiona Snedden

First elected in December 2004.

Cr Snedden is chair of the Melbourne City Council Business and International Relations Committee, and represents the City of Melbourne on the following advisory committees and external organisations:

- Melbourne Marketing Advisory Body;
- Melbourne Retail Advisory Board;
- New Year's Eve Taskforce;
- Melbourne Hospitality Advisory Board;
- Precinct Advisory Committee;
- Police Community Consultative Committee – Domain/Southbank; and
- Tourism Taskforce.

Cr Carl Jetter

First elected in December 2004.

Cr Jetter is chair of the Melbourne City Council Marketing and Events Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- Melbourne International Flower and Garden Show Event Advisory Group;
- Melbourne Moomba Waterfest Taskforce;
- Osaka Cup Executive Group;
- Melbourne Awards Committee;
- Social Inclusions Committee (Melbourne 2006 Commonwealth Games);
- Strategic Purchasing (MAPS Group Ltd trading as Strategic Purchasing); and
- Victorian Local Governance Association.

Cr Brian Shanahan

First elected in December 2004.

Cr Shanahan is chair of the Melbourne City Council Finance and Governance Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- City of Melbourne Audit Committee;
- Inner South Metropolitan Mayor's Forum; and
- Municipal Association of Victoria.

The council and our organisation

Cr Peter Clarke

First elected in December 2004.

Cr Clarke is chair of the Melbourne City Council Docklands and Major Projects Committee.

Cr David Wilson

First elected in December 2004.

Cr Wilson is chair of the Melbourne City Council Community Services Committee and represents the City of Melbourne on the following advisory committees and external organisations:

- Aboriginal Consultative Group;
- City Safety Taskforce;
- Disability Advisory Committee;
- Capital City Local Learning and Employment Network;
- Carlton Housing Redevelopment Community Liaison Committee;
- City Library Joint Venture Management Committee;
- Kensington Estate Redevelopment Project Community Liaison Committee;
- Melbourne Affordable Housing;
- Police Community Consultative Committee – CAD;
- Police Community Consultative Committee – Carlton/Parkville;
- Royal Park Hockey and Netball Centre Advisory Committee; and
- Yarra-Melbourne Regional Library Board.

Council decisions

Council decisions are made by councillors either at council meetings or at appropriately delegated committee meetings. Decisions made at committee meetings are subject to a referral notice process. (This process is triggered if fewer than five committee members vote in favour of a motion. Committee members have the option of referring a matter to the council meeting under this circumstance.)

Meetings are open to all unless the council or committee resolves to close the meeting to members of the public.

Office of the Lord Mayor

The Office of the Lord Mayor provides advisory and administrative support services for the operation of the offices of the Lord Mayor and Deputy Lord Mayor.

The Lord Mayor’s chief of staff works closely with: the office of the chief executive; councillor support; directors; and managers, supporting the relationship between the council and the organisation.

Delegations

The Melbourne City Council’s powers under the *Local Government Act* (1989) or any other Act may be delegated by instrument of delegation to a committee of council or to a City of Melbourne officer. The council generally delegates powers, duties and functions to the chief executive, who may delegate some or all of those powers to other officers.

The council and its committees provide clear and precise policy, and City of Melbourne staff make day-to-day decisions in accordance with that policy. The exercise of delegations is subject to the City of Melbourne’s Delegations Policy.

Our organisation

The Office of the Chief Executive

Our chief executive ensures the decisions of Melbourne City Council are acted upon, and that the day-to-day management of the council's operations are in accordance with our council plan.

Our chief executive is responsible for the structure of the organisation. Our structure must be efficient and appropriate for the tasks we perform.

Our chief executive also provides advice to the council.

The functions and powers of the chief executive are principally determined by the *Local Government Act* (1989).

The Office of the Chief Executive liaises with: the Office of the Lord Mayor; councillors; directors and managers; the Victorian government; and our stakeholders to ensure the City of Melbourne's strategic objectives are met using all available resources.

The chief executive also attends council meetings in an advisory capacity.

David Pitchford,
Chief Executive

Organisational structure

The City of Melbourne has an organisational structure of seven divisions, each led by a director. Branches within these seven divisions perform specific functions, collaborate on projects and share their particular knowledge and expertise across the organisation.

As well as leading their own divisions, each director provides support and advice to council committees most relevant to the work of their division. Directors also have 'ownership' of strategic objectives most relevant to the work of their division.

Directors Forum

The Directors Forum includes the chief executive and the City of Melbourne's seven directors. The Directors Forum meets weekly to consider 'big picture' issues such as the direction of the organisation and the city. The Directors Forum also considers administrative issues relating to the operation of the council.

New division

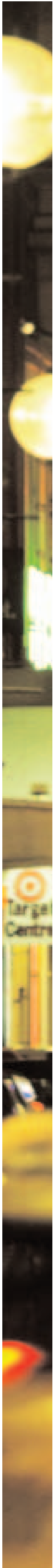
A seventh division was created in the 2005-06 financial year. The Corporate Affairs Division, led by Hayden Cock, gives stakeholder communication a higher priority within the organisation.

Managers and staff

Our executive management team is a team of executive-level officers who report to a director. The executive management team is responsible for liaising with staff and ensuring City of Melbourne initiatives and policies are complied with. The City of Melbourne has slightly less than 1,000 permanent staff. Most work in the Melbourne Town Hall and nearby administrative buildings, but staff are also located at sites dispersed throughout the municipality.

Working together, working with the community

At all levels of the organisation, we're working with each other and with the community. This was our organisational structure at 30 June 2006.



Community

Lord Mayor, Deputy Lord Mayor and Councillors

Office of the Chief Executive

Assets and Services	Corporate Affairs	Corporate Performance	Design and Culture	Finance	Marketing, Tourism and Major Events	Sustainability and Innovation
Community Services	Media Relations	Lord Mayor's Office	Design	Financial Services	Melbourne Marketing and Retail Development	City Sustainability
Engineering Services	Corporate Communications	Governance Services	Major Project Delivery	Business Information Services	Customer Relations and Place Management	City Strategy
Parks and Recreation		Legal Services	Facilities Management	Parking and Traffic	Tourism Melbourne	Sustainable Regulatory Services
Asset Services		Human Resources	Urban Design	Rates and Valuations	Events Melbourne	Melbourne City Research
		Continuous Improvement	Works Program	Street Activities	Melbourne International	Business Melbourne
		Councillor Support	Arts and Culture	Docklands Transition		
		Contracts	Superintendent CH_2			

Community

Directors and divisions

The City of Melbourne has an organisational structure of seven divisions, each led by a director.

Assets and Services

We manage public spaces and infrastructure networks within the municipality, including: roads, paths, parks, gardens, storm water, public lighting and recreational facilities. We also provide community-based services including: youth and aged programs, home care, library, child care and Indigenous programs.

Terry Makings, Director

Personal highlights of 2005-06
Assets and Services made a big contribution to the Commonwealth Games. The city's cleaning and waste management responsibilities were especially well executed. We worked in collaboration with the Victorian Government on issues such as traffic management and emergency management, and the effectiveness of this partnership was inspirational.

Local neighbourhood needs and the wider Melbourne community are always a big focus of our activities, and many of our programs are aimed at the safety and wellbeing of our residents and other city users. Strategies adopted in 2005-06, including fleet management, graffiti management, waste management, parks master plans as well as an early years plan for young children have driven activities within the division during the past year.

What's the next big thing for your division?
We'll be focusing on strategies that impact on Melbourne as a connected and accessible city. The transfer of Docklands to the City of Melbourne; increasing child care places; delivering an integrated asset management program; supporting public transport; infrastructure supporting community services plan; and a newly structured Melbourne library service will keep us busy in 2006-07 and beyond.

Corporate Affairs

Our division maintains and builds on the City of Melbourne's reputation as a leading capital city council. We do this by providing comprehensive information to residents, ratepayers and key stakeholders. Our communication and media strategies promote City of Melbourne services and programs, encouraging all Melburnians to use, participate in and enjoy all that our city has to offer. Our communications also support the organisation's vision, strategic objectives and council policy.

Hayden Cock, Director

Personal highlights of 2005-06
The creation of the Corporate Affairs Division – bringing together the Corporate Communications Branch and Media Branch – is a personal highlight for me. At an organisational level, the commitment and enthusiasm of staff from both branches, to integrate the two functions, has been particularly pleasing. Successful integration of these branches will help ensure we deliver cost-effective and best-practice communication and media services for the organisation.

What's the next big thing for your division?
Broadening our communication and media activities to integrate the Docklands community will be an exciting challenge for the division in 2006-07. We will also take a closer look at how we interact with our stakeholders, ensuring we are truly in touch with community needs and issues. Smarter, more cost-effective communication will also be explored; in particular, we will look at new media and online forums. As a division, we have plenty to look forward to in the coming year.

Corporate Performance

The objectives of the Corporate Performance division are to influence the strategic thinking of the organisation around effective management practices and good governance; to create an environment that enhances the capacity and capability of the organisation; and to measure and report on corporate compliance and progress towards the City of Melbourne's strategic objectives.

Linda Weatherson, Director

Personal highlights of 2005-06
This has been a busy year for the division, with highlights including the signing of a new enterprise agreement for the organisation and the endorsement of the *Good Governance Charter*. Work on the development of staff skills, attributes and commitment continued in 2005-06, with a refined performance development and review process and the launch of the City of Melbourne leadership program.

Our work in this area has helped to make our corporate values a part of our working lives in the organisation.

What's the next big thing for your division?
A four-year business planning model that integrates business planning, budget development, risk management and capital works planning is one of our next big challenges. Benefits of this new model will include better cross-organisational planning for services. The new model will also see our council plan better used as a guide to our annual activities. We will continue to ensure our corporate values guide us in our activities, program development and leadership.

Design and Culture

Our division is responsible for improving the physical, cultural and environmental qualities of the city's public realm and facilities.

Rob Adams, Director

Personal highlights of 2005-06
In 2005-06, my division designed and completed the City of Melbourne's largest-ever council works program, worth $97 million.

Many projects were completed for the Commonwealth Games, but all will bring lasting benefits to our community, including: the Bourke Street Mall redevelopment; the Sandridge Bridge precinct including *The Travellers* public art installation; Piazza Italia; wetlands at Royal Park; a new East Melbourne Library; one of the world's greenest multi-storey office buildings, CH$_2$; the Melbourne Mobility Centre; and Birrarung Wilam.

During the year, we also published *Places for People 2004*, a study highlighting improvements to Melbourne's public realm in the past 10 years, and we took over the running of the Meat Market Craft Centre. We now manage four art venues in the municipality.

It has been a huge year for our division, and I am humbled by my team's performance.

What's the next big thing for your division?
Next year will be dominated by the need for more than 200 child care places within the municipality. Our laneways art program will expand as we move towards what could be our very own biennale, hosted in city lanes and arcades. We will release *Public Melbourne*, a new urban design strategy, and more than 500 of our employees will move into CH$_2$.

Finance

Through the responsible management of the City of Melbourne's financial assets and resources, our division helps the organisation provide quality services to our customers and stakeholders.

Martin Cutter, Director

Personal highlights of 2005-06
This has been a non-stop year with significant progress achieved in: the transition of Docklands; the future of the Wholesale Fish Market; supporting the growth of our wholly owned subsidiary, CityWide; and the investigation of proposals in areas such as child care and major site development in the city. For me, witnessing the public's enjoyment of the city during and following the Commonwealth Games was a particular highlight, especially knowing that the organisation, and our staff, played a significant part in that.

What's the next big thing for your division?
Docklands, Docklands and Docklands. It's coming to crunch time and we must soon be 'at one' with VicUrban and start living and breathing the ambience of the place. Almost every part of the organisation will be pulling together to nail this one. All staff should soon be asking, "What do I need to know about Docklands, and how can I use my expertise to ensure the transition runs as smoothly as the Commonwealth Games?" I want everyone to play a part – the result will be worth it!

Marketing, Tourism and Major Events

The Marketing, Tourism and Major Events division works to make Melbourne a great city for visitors, residents, business and investors. We are responsible for promoting and programming the city to attract visitation from local to global markets.

Scott Chapman, Director

Personal highlights of 2005-06

The Melbourne 2006 Commonwealth Games was the largest event in Melbourne's history, and this division managed the City of Melbourne's planning and delivery of the Games.

The city is indebted to the professionalism and dedication of our staff, both within this division and across the whole organisation, for the success of this major event.

The *Melbourne International Strategy*, the realignment of specialist portfolio branches in tourism, marketing and retail development, events and customer relations, together with the delivery of an extensive events calendar are hallmarks of an outstanding year.

The maturity and effectiveness of the Place Management program has seen outstanding results in cross corporate response to local issues, while the division continues to deliver high standards in customer service, town hall management, tourism services, volunteers and international relations.

What's the next big thing for your division?

The development of a strategy for Melbourne as a 'global city' is an important project for 2006-07. This strategy will help us identify and increase benefits for Melbourne through new promotions, partnerships and projects with cities around the world. We are looking forward to the completion of a new retail strategy, a new customer service strategy, and a tourism plan, among others. The team and I are looking forward to the challenge of another big year in 2006-07.

Sustainability and Innovation

Our division is responsible for monitoring, planning, facilitating and managing Melbourne's sustainable development, including our business and environmental development.

Geoff Lawler, Director

Personal highlights of 2005-06

I am very proud of the Sustainability and Innovation division and its achievements in 2005-06. The *Inner Melbourne Action Plan* was completed in collaboration with the municipalities of Port Phillip, Yarra and Stonnington. The impact of this regional plan is yet to be fully felt, but I expect it to be considerable.

A new transport strategy was drafted, and we successfully completed all food safety, business and building site management tasks for the Melbourne 2006 Commonwealth Games.

In 2006, we also hosted the Trade Development Alliance of Greater Seattle and the Mayors' Asia Pacific Environmental Summit in Melbourne, landmark events for the City of Melbourne as a leading international capital city.

Our division also provides services to the community and to the organisation and these are just as important. In 2005-06, work continued in areas such as research, strategic planning, environmental improvement, business development, town planning, public health and building control.

What's the next big thing for your division?

In 2006-07, we will continue with our activities but with special emphasis on developing Melbourne's standing as a 'knowledge city' and as a leader in sustainable development. Our *Melbourne Transport Strategy* will be finalised and preliminary work will begin on strategies for Melbourne's development beyond 2010.

Planning, performing, measuring

Towards a thriving and sustainable city

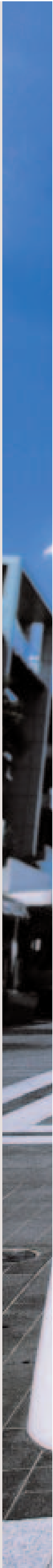
Our *Council Plan 2005-2009* is a vital part of our integrated planning framework. This framework ensures our efforts and resources are directed towards achieving the vision and objectives outlined in *City Plan 2010*, our long-term vision for the city.

Our integrated planning framework

The City of Melbourne's integrated planning framework is made up of a series of documents that cascade down from *City Plan 2010*. The purpose of the framework is to ensure that long-term goals are achieved through specific short-term plans.

The cascading structure of the framework ensures that all actions carried out across the organisation are aligned to and consistent with the City of Melbourne's strategic objectives, from strategy development, through to staff individual performance plans. Our reporting regime builds in accountability at each level in the framework and includes regular monitoring of progress throughout the year.

While our current framework serves us well, some improvements will be made in 2006-07. Branch business plans will have longer-term goals, and a new 'strategic review' will increase scrutiny of services and evidence-based planning. The strengths of our existing integrated planning framework, underpinned by the cascading alignment between long-and short-term plans will be retained.



Planning documents

This diagram shows how our key planning documents connect and the different roles they perform.

Public documents

City Plan 2010 → **City Plan monitoring report**

↓

Council Plan

↓

Annual Plan and Budget

Annual Report

↓ ↑

Organisational documents

Branch Business Plan → **Quarterly Reports**

↓

Individual Performance Plans

Green
Office
Building

Sustainability reporting

In 2005-06, the City of Melbourne is producing its first stand-alone sustainability report. Last year, we started this journey with the inclusion of the Global Reporting Initiative sustainability reporting indicators in our *City of Melbourne Annual Report 2004-05*. These indicators are now included in a stand-alone sustainability report:s *City of Melbourne Sustainability Report 2005-06.*

Turn the page for more information about sustainability reporting at the City of Melbourne.

What is sustainability?

The City of Melbourne defines sustainability as “the capacity to continue operations indefinitely: it means that we must restore human and natural capital and add to the prosperity and well-being of current and future generations.”

Sustainability involves a collective capacity to respond to local, national and international pressures on workers, visitors and residents, in a way that improves rather than detracts from the social, ecological and economic systems on which we all depend.

Why a sustainability report?

The ability to sustain a local area is dependent on a complex system of relationships with communities and places far and wide. At the City of Melbourne, we are working to improve our annual reporting so we’re better placed to present a clear picture of our relationships with local, national and international communities.

A range of social, environmental and economic indicators serve as measures of Melbourne’s sustainability. Our *City of Melbourne Sustainability Report 2005-06* tracks the organisation’s performance against the set of sustainability indicators most relevant to its activities and impacts, including those issues for which the organisation has stated objectives and targets.

The report aims to present the City of Melbourne’s performance in a transparent manner and documents how our policies, programs and actions are affecting our key sustainability indicators at an organisational and municipal level.

Sustainability reporting also turns the spotlight on our interactions with others, and therefore leads to more inclusive, responsible, informed and engaged decision making. Performance information can also be integrated into the City of Melbourne’s planning and management activities leading to better priority setting, planning and resource allocation.

Report content

We have used some of the Global Reporting Initiative’s guiding principles to prepare this report and have included issues that are relevant to our business.

The structure of our sustainability report reflects the structure of our annual report, with issues reported under our six strategic objectives. You can find out more about our strategic objectives on page 11.

The Global Reporting Initiative

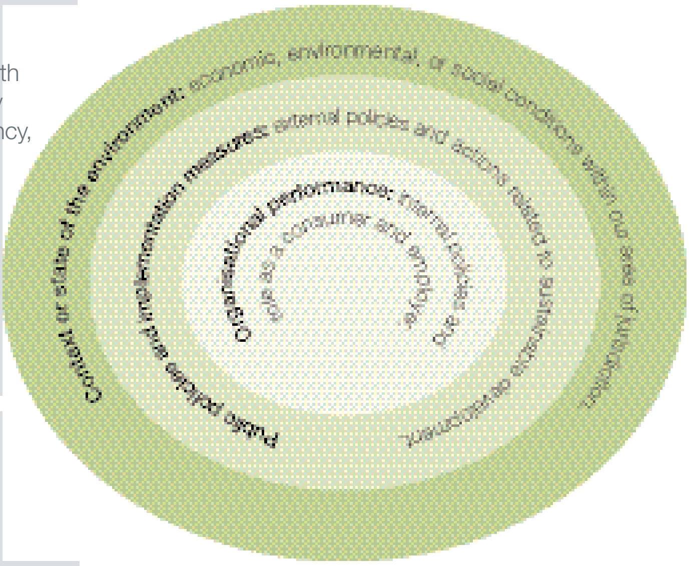
The Global Reporting Initiative’s internationally recognised indicators make it easier for stakeholders to compare our organisation’s performance with that of our peers and with any other organisation. Transparency, accountability and accuracy are important factors in sustainability reporting, and the Global Reporting Initiative encourages all three. You can find out more about this initiative here: **www.globalreporting.org**

Our sustainability reporting partners: the Centre for Public Agency Sustainability Reporting

Launched in March 2005, this centre's mission is to improve the sustainability performance of public agencies through the practice of reporting. The City of Melbourne works as a leader in this field by supporting the establishment of the centre and providing case study materials. We also participate directly in the centre's capacity building programs so that our own reporting on sustainability issues continually improves toward world's best practice. **www.publicagencyreporting.org**

Supplement for public agencies

Different business and industry sectors have different reporting needs, and the Global Reporting Initiative has developed sector-specific reporting guidance to accommodate these needs. The City of Melbourne has used the new *Global Reporting Initiative Sector Supplement for Public Agencies* (Pilot Version 1.0) as a guide in the development of our 2005-06 sustainability report. The *Global Reporting Initiative Sector Supplement for Public Agencies* recommends that public agencies provide both qualitative and quantitative data in three areas. The following diagram shows the three different types of information recommended for inclusion:


Context or state of the environment: economic, environmental, or social conditions within our area of jurisdiction.
Public policies and implementation measures: external policies and actions related to sustainable development.
Organisational performance: internal policies and role as a consumer and employer.

For our 2005-06 report, we have focused on organisational performance indicators. We have included a limited number of public policy and initiative indicators, complemented by ‘state of environment’ indicators, to provide some contextual information. The City of Melbourne reports on a more comprehensive number of ‘state of environment’ indicators in the City of Melbourne *City Index Report 2005* and within this annual report.

Report audience

The following groups have been identified as stakeholders that might use our sustainability report.

City of Melbourne	Partners	Community	Global
council; chief executive; directors and managers; staff and volunteers; and City of Melbourne-owned subsidiaries, investments, and assets.	government bodies and agencies; suppliers; consultants; contractors; neighbouring communities; and other partners.	residents; ratepayers; business; workers; students; visitors; unions; media; non-government organisations; educational institutions; associations; and other local governments.	other capital cities; potential investors; major event bodies; and international non-government organisations.

Our *City of Melbourne Sustainability Report 2005-06* is our first stand-alone report and external consultation will be conducted once the report is published. We will focus on topics/disclosures of most interest to our stakeholders, and feedback will be used to improve the report in future years.

Process to develop the report

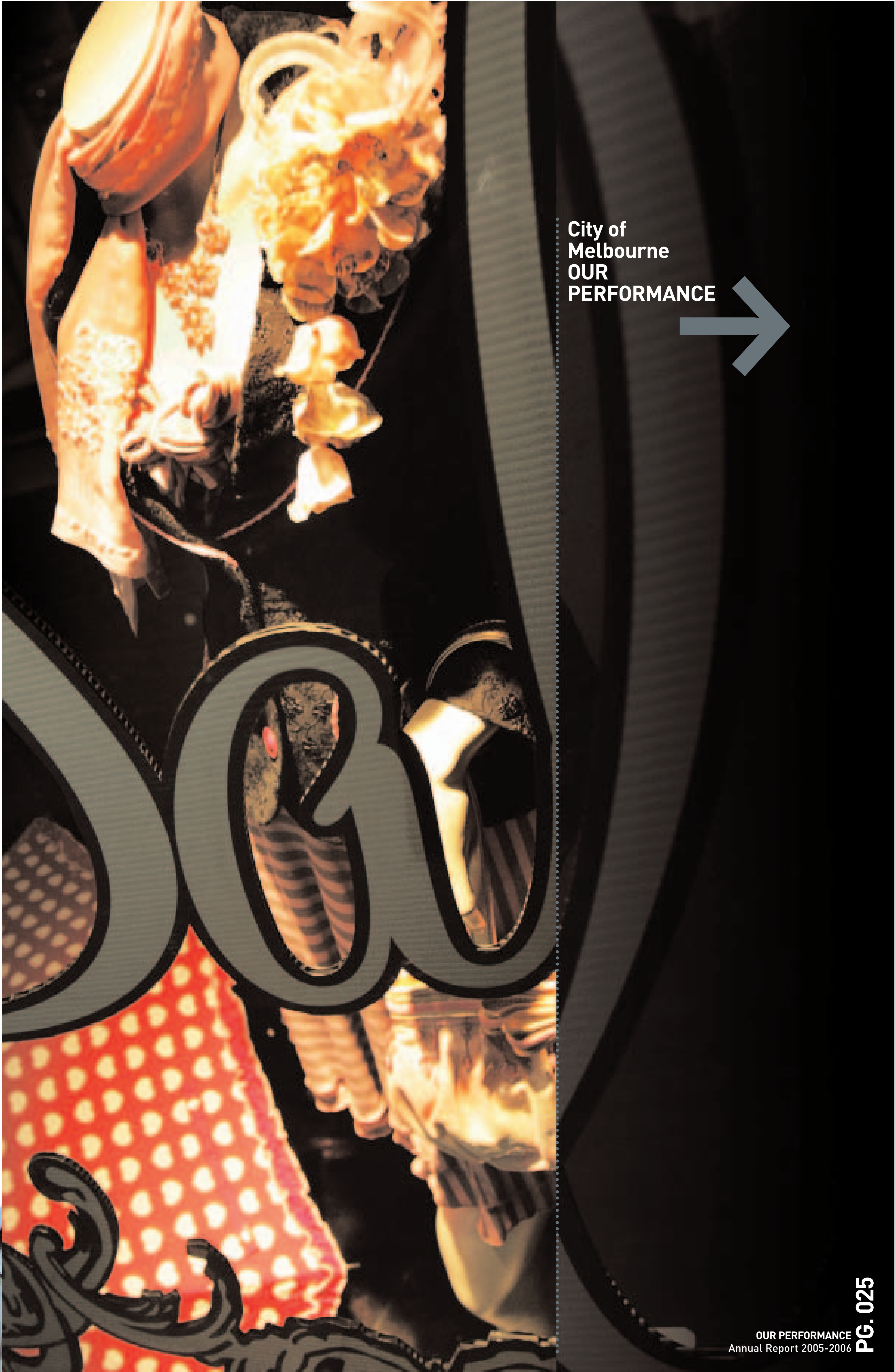
A cross-organisational working group developed the 2005-06 sustainability report which is based on the application of the Global Reporting Initiative's *Principles for Defining Report Content*. These principles focus on inclusiveness, relevance, sustainability context and completeness.

Report boundaries

Our 2005-06 sustainability report includes data on the City of Melbourne's operations but excludes those activities and services delivered by contractors. In 2006-07, we plan to include data on our wholly-owned subsidiaries and major contractors.

View the City of Melbourne's *Sustainability Report*

Our *City of Melbourne Sustainability Report 2005-06* will be available in November 2006. The report will be published on our website and on CD. Go to **www.melbourne.vic.gov.au/sustainabilityreport** or call the City of Melbourne on +61 3 9658 9658.



City of Melbourne
OUR PERFORMANCE

CITY OF MELBOURNE

OUR PERFORMANCE

In this section, you will find details of our performance in 2005-06 against our *Council Plan 2005-2009*, including our achievements, our disappointments and our plans for the future.

Our strategic objectives

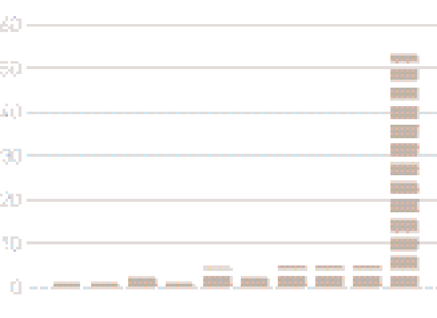
We report on our performance under six strategic objectives:

- **1** Connected and accessible city
- **2** Innovative and vital business city
- **3** Inclusive and engaging city
- **4** Environmentally responsible city
- **5** Well-managed and leading corporation
- **6** Financially responsible corporation

Percentage of strategic objective targets achieved

The City of Melbourne's *Annual Plan and Budget 2005-06*, set an ambitious program of 80 targets to be completed during the 2005-06 financial year. Of the 80 targets, at 30 June 2006, 53 were completed. A further 15 targets were 75 per cent to 90 per cent complete. Two targets had very little progression, with the remainder progressing, but not yet significantly complete.

Annual Plan items completed at 30 June 2006



Per cent completed

Source: City of Melbourne Annual Plan Report 2005-06

STRATEGIC OBJECTIVE

1 Connected and accessible city

A connected and accessible city is a city with enhanced local, regional, national and global connections, created through the provision of high-level accessible infrastructure.

Financial performance

	Expenditure	Revenue
Planned ($ million)	65.0	53.1
Actual ($ million)	70.2	53.9
Variance ($ million)	(5.2)	0.8
% of budget	108 per cent	102 per cent

This chart shows the amount we spent (expenditure) and the amount we earned (revenue) in achieving the activities within this strategic objective.

To achieve our strategic objective of a connected and accessible city, our activities focus on:

- transport infrastructure;
- communications infrastructure;
- local, national and international connections;
- corporate citizenship;
- a sustainable and integrated transport system linking city assets;
- public transport;
- an integrated and connected park system; and
- city connections.

Achievements

Melbourne International Strategy

The City of Melbourne works to gain more for Melbourne through new and existing strategic international partnerships.

The City of Melbourne's *Melbourne International Strategy: a world of opportunity* was released in October 2005. This strategy will help the organisation improve and build upon established international connections and relationships. The strategy includes details of planned activities. Plans and activities are listed under seven key themes:

- opening doors to business;
- encouraging excellence through education;
- attracting international visitors;
- welcoming visitors and special guests;
- levelling the playing field through sports and arts;
- empowering young people; and
- supporting communities.

The next step for the strategy includes developing plans for each of the City of Melbourne's six sister cities. These plans should be completed by December 2006.

Lord Mayor's Melbourne-Delhi Working Party

The first meeting of the Lord Mayor's Melbourne-Delhi Working Party was held with key Indian community representatives. The working party provides advice to the Melbourne City Council on developing a proposal for a strategic alliance between Melbourne and New Delhi. If successful, our strategic alliance will create connections and knowledge-sharing between the two cities in areas such as arts and culture, sport, business, and Commonwealth Games planning.

The City of Melbourne's proposal has been welcomed by the National Capital of Delhi and the Delhi Municipal Corporation, and further meetings will be held in Melbourne to discuss a draft strategic alliance paper.

Melbourne Transport Strategy

Around one million more residents will live in metropolitan Melbourne in the next 30 years; and in the next 15 years road freight tonnage will increase by 80 per cent. Planning for this growth is a major focus of the City of Melbourne's draft *Melbourne Transport Strategy*.

Developed in partnership with the Victorian Government's Department of Infrastructure, the strategy looks at ways to make the most of our available transport infrastructure, increasing access and reducing congestion. The strategy also looks at ways to increase cycling, walking and public transport use in the city.

The strategy includes plans for:

- giving priority to public transport, cycling and walking;
- discounted public transport fares for city shoppers;
- working with neighbouring councils to integrate transport routes and traffic management measures;
- creating a city pedestrian network plan; and
- increasing the width of pavements and bicycle lanes where appropriate.

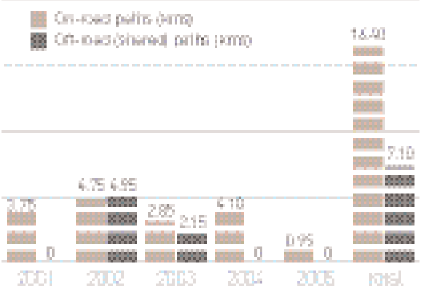
The City of Melbourne's draft *Melbourne Transport Strategy* was released for public consultation in February 2006, was finalised in June 2006, and will be presented to the Melbourne City Council's Planning and Environment Committee for adoption in August 2006.

Road Management Plan

The City of Melbourne prepared its *Road Management Plan* in August 2004 in response to legislative requirements of the Victorian Government's *Road Management Act* (2004).

Activity to complete the recommendations of this plan continued in 2005-06, including an audit of road management activities. The organisation is fulfilling all responsibilities, maintenance standards and inspection regimes, demonstrating that the City of Melbourne is responsibly managing all road assets within our control.

Bike paths in the city



Source: internal data.

The City of Melbourne's *Bike Plan 2002-2007* included activities to improve cycling access and safety in the city. This graph shows the amount of new bike paths installed in the municipality.

Where paths have been installed on both sides of a road, our figures include the distance for one side of the road only.

In both 2003-04 and 2004-05, the City of Melbourne also installed 50 new bike parking loops throughout the municipality. In 2005-06, 100 bike parking loops were installed.

Fawkner Park Master Plan

Fawkner Park has been a centre of community activity for the past 140 years. The park has a colourful history – it has been used for grazing cattle, training greyhounds and illegal gambling. The Australian Women's Army Service barracks was also once located at the park.

In 2005-06, the first *Fawkner Park Master Plan* was developed to guide the park's management and development for the next 10 years. The proposals in the plan aim to achieve the vision of improving the landscape characteristics of the park while managing and balancing its wide variety of uses.

Following community consultation, the City of Melbourne's Environment Committee approved the *Fawkner Park Master Plan* in May 2006.

Carlton Gardens Master Plan

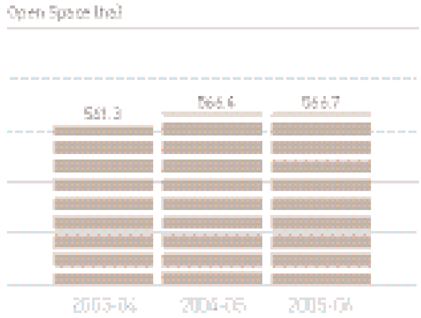
Melbourne's Carlton Gardens and Royal Exhibition Building were placed on the World Heritage List in July 2004.

This listing emphasised the importance of preserving our historic gardens. Published in August 2005, the City of Melbourne's *Carlton Gardens Master Plan* has two basic objectives: to protect the heritage value of the gardens; and to cater to the park's users. More than two million people visit the park each year.

The *Carlton Gardens Master Plan* contains guidelines for the preservation, development and management of the gardens, including recommendations for:

- the restoration of the original ornamental garden beds, dating back to between 1880 and 1901;
- landscape improvements;
- investigation into re-establishing the original lake alignments;
- improving pedestrian links;
- improving bike route connections around the gardens; and
- a tree-planting program.

Total park area in the City of Melbourne



Source: City Index 2005, City of Melbourne publication

The City of Melbourne manages almost 100 parks within the municipality. A further 17 parks are managed by other bodies. Parkland takes up 566.7ha within the municipality, including 483.7ha managed by the organisation. Parkland has increased more than 6ha in three years.

Entertainment-zoned crown land, such as the Sidney Myer Music Bowl, the MCG, and the Zoological Gardens, has not been included in these measurements.

Port operations and freight movement

The City of Melbourne worked with Victorian Government bodies during 2005-06, finding ways to improve the movement of freight to and from our ports. The City of Melbourne has contributed to the Victorian Government's port environs project, the Webb Dock technical reference group and also liaises regularly with the Port of Melbourne Corporation and with businesses in the Fisherman's Bend area.

The amount of freight moving through Melbourne's ports (both imports and exports) has steadily increased during the past ten years. In 2005-06, our ports brought an estimated 67.5 million revenue tonnes in and out of Melbourne (estimate based on trends in previous years). In 2004-05, 64.4 million revenue tonnes were handled at our ports.

City of Melbourne websites

Visits to our corporate website have steadily increased. In 2006, the website averaged more than 6,500 visits per day. Visits peaked during the Commonwealth Games, with more than 9,700 visits per day during March 2006.

The most popular pages of the site provide tourist information including maps. This year saw the redevelopment of arts and culture on the web, the launch of the Creative Spaces database, and an online filming permit section.

Building a better city

In 2005-06, the City of Melbourne completed its three-year program of capital works for the Commonwealth Games. Construction work continued on one of the world's greenest multi-storey office buildings, CH2.

Commonwealth Games infrastructure

The City of Melbourne made a commitment to ensure the city would look its best for the Commonwealth Games. An extensive program of capital improvements began in 2003-04, and was completed in 2005-06. Major and high-profile works were brought forward to be completed by March 2006 and an extensive program of Games-specific works was also completed during the past year.

Commonwealth Games-related projects included: an extensive refurbishment of Princes Bridge; extensive streetscape improvements; road resurfacing and kerb upgrades along the marathon and road cycling event routes; installation of new street furniture; and a significant upgrade of park lighting and signage.

Royal Park Wetlands

The City of Melbourne completed the new Royal Park Wetlands project in 2005-06 as part of the 2006 Commonwealth Games environment program.

For more information on the wetlands project go to page 61.

Our Commonwealth Games report is on page 44.

Lincoln Square

In 2005-06, the Bali Memorial located at Lincoln Square was built in memory of the victims of the Bali bombing on 12 October 2002. Members of bereaved families and survivors helped design the memorial. The memorial features a pool containing 91 fountains, one for each Australian victim. The fountains bubble gently every day, but will rest silently each year on 12 October.

The pool and the wave-like seats set on either side of the memorial represent the water between the islands of Australia and Bali. An island in the pool contains 202 lights, representing victims from all nations. The Lincoln Square refurbishment project cost $1.4 million, including $180,000 from the Victorian Government.

Argyle Square – Piazza Italia

Piazza Italia at Argyle Square is a celebration of the contributions Italian migrants have made to Melbourne's culture. The piazza, completed in January 2006, is a product of Melbourne and Milan's sister city relationship. The City of Melbourne's design team collaborated with Professor Carmelo di Bartolo, a Milan-based architect, in the design of the piazza.

The piazza features a central solar clock, as well as the intricately designed paving, built from contrasting arrangements of specially imported Italian porphyry stone. The solar clock has been calculated to the geographic location of Argyle Square. Visitors can tell the solar time by casting their own shadow on the clock. The project cost $3.5 million.

East Melbourne Library

The East Melbourne Library and Community Centre is a new two-storey building replacing the previous East Melbourne Library.

The new library building features impressive environmentally sustainable design, particularly with the heating and cooling systems. Ground heat exchanger loops have been installed 50 metres beneath the ground. Slots in the floor will allow fresh air into the building, while roof vents will regulate its flow. Building sensors and a weather station on the roof of the building will regulate all components, maintaining a constant climate inside. Building finishes and furniture have been selected to reduce materials and waste, and to avoid harmful chemicals and processes.

The library doors will open in August 2006.

Bourke Street Mall

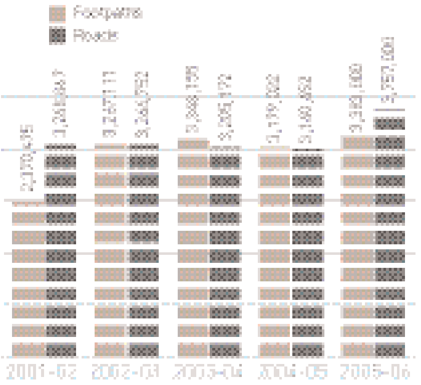
The refurbished Bourke Street Mall was opened in November 2005. For more information on the redevelopment of the retail centre of the city, turn to page 35.

Sandridge Bridge precinct

The redevelopment of the Sandridge Bridge precinct has created new public spaces on both sides of the Yarra River, as well as an impressive new pedestrian and bicycle path on the bridge. The refurbished bridge now connects the recently completed Queensbridge Square and Northbank areas.

Sandridge Bridge has important historical connections for our city, and was the bridge many new migrants crossed as they arrived in our city. *The Travellers* is a major new public artwork by Lebanese artist Nadim Karam and is a feature of the bridge. Stainless steel sculptures, 7.5 metres high, are placed along the bridge at intervals, each sculpture representing a different period in Melbourne's immigration history.

Roads and footpaths



Source: Internal data.

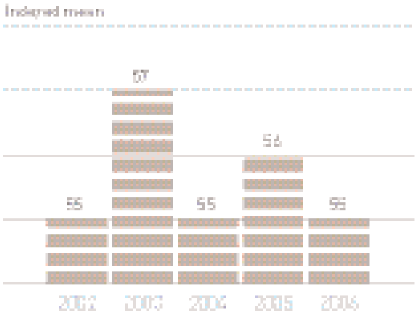
Spending on roads and footpaths increased in 2005-06. One of the most noticeable 'roads and footpaths' projects completed in 2005-06 was the removal of the Flinders Street overpass. This project was a joint initiative between the Victorian Government and the City of Melbourne.

Capital works spending

For more details on City of Melbourne capital works spending, turn to page 124 of our financials section.

Disappointment

Community satisfaction with traffic management and parking facilities



Source: Local Government Community Satisfaction Survey, Department for Victorian Communities, 2006.

Community satisfaction with our traffic management and parking facilities fell in 2005-06. Our performance was also lower than other Victorian councils. While city parking is a challenge in any capital city, the City of Melbourne is always looking at ways to improve parking facilities in the city, and is also looking to promote alternatives to driving.

Looking ahead

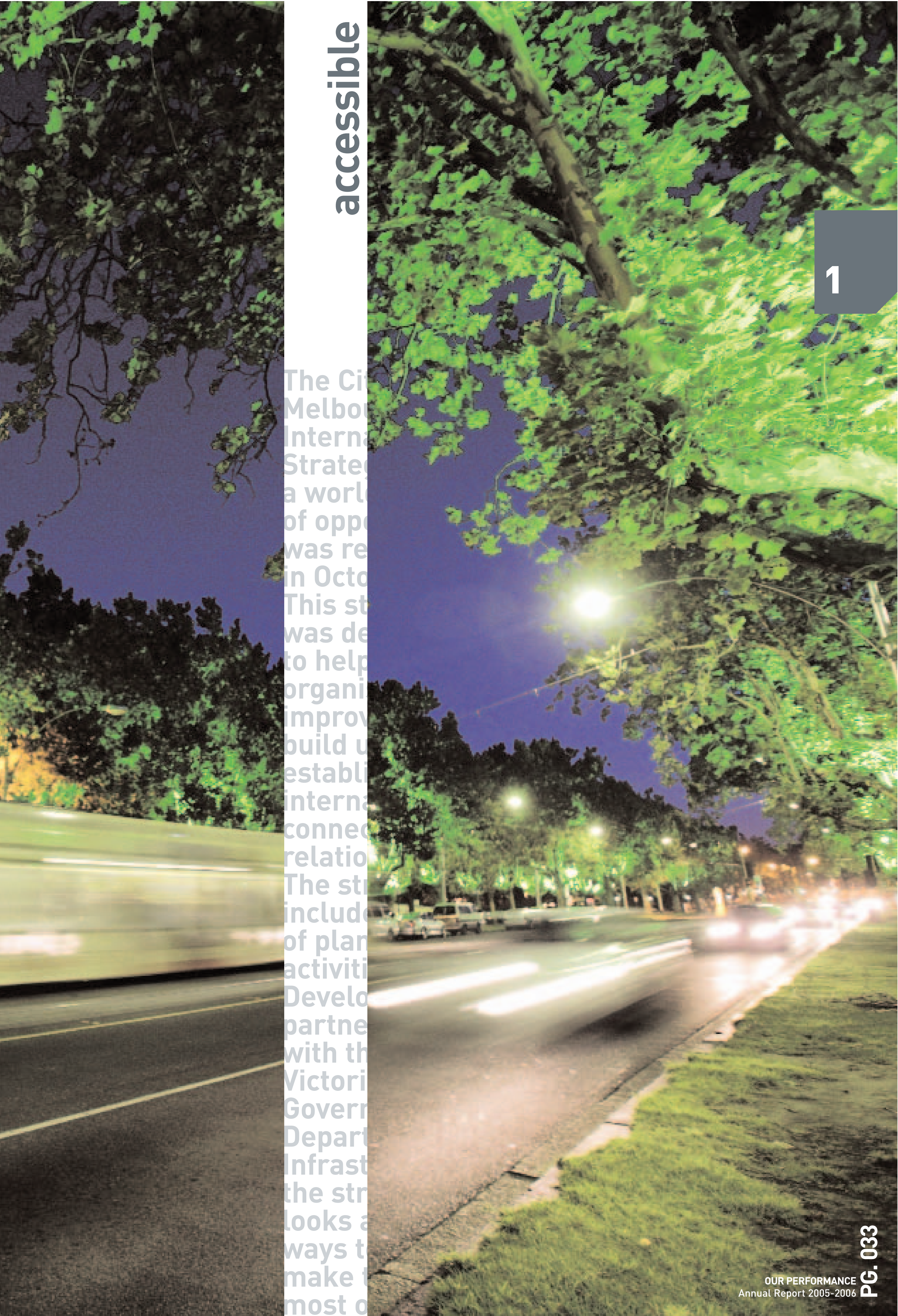
An open space strategy is being developed to guide park planning and management, to ensure our open spaces will cater to the needs of our community now and in the future. The strategy will look at 10 areas within the City of Melbourne, and will identify areas for improvement and opportunities for further development of open spaces.

Area-specific fact sheets have been released for public comment. A draft strategy will be developed following public feedback, and the strategy is expected to be finalised in early 2007.

A *Southbank Plan* has been developed by the Victorian Government in partnership with the City of Melbourne. The plan, to be launched in July 2006, will guide the organisation in its mission to make Southbank a truly thriving community and a lively centre for art and culture in Melbourne. The plan lists six projects based on six principles for the public environment in Southbank, including:

- Docklands-South Melbourne links;
- Kavanagh and Moray street link;
- Southbank central interchange precinct;
- Southbank Boulevard open space;
- Westgate Freeway under croft; and
- the Sturt Street cultural spine.

The City of Melbourne will be working to help make these projects happen in 2006-07 and beyond.



accessible

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STRATEGIC OBJECTIVE

2 Innovative and vital business city

An innovative and vital business city is a smart, creative and progressive city with strong business development, job growth and gateway infrastructure.

Financial performance

	Expenditure	Revenue
Planned ($ million)	17.1	2.8
Actual ($ million)	17.7	3.2
Variance ($ million)	(0.6)	0.4
% of budget	103 per cent	117 per cent

This chart shows the amount we spent (expenditure) and the amount we earned (revenue) in achieving the activities within this strategic objective.

To achieve our strategic objective of an innovative and vital business city, our activities focus on:

- **Melbourne as a knowledge city;**
- **innovation;**
- **commerce, professional services and advanced education;**
- **world-class retail experiences;**
- **establishment, growth and diversity of businesses in the city;**
- **advanced manufacturing and logistics;**
- **city promotion; and**
- **managing activity on the street.**

Achievements

Bourke Street Mall redevelopment

Melbourne's Bourke Street Mall received a $6.61 million refurbishment in 2005-06. The mall is a focal point of Melbourne's retail industry with 81,000 visitors passing through each day. (London's Regent Street has 55,000 pedestrians per day.)

Improvements to the mall focused on removing clutter and improving the flexibility of the space for public events. The mall was repaved, new tram stops were created, and overhead catenary lighting replaced light poles in the area. Tram tracks in the mall were also repaved with a new contrasting concrete finish to increase visibility and safety. New stainless steel seating was installed, and 12 removable trees were planted. The trees can be replaced according to the season, allowing time to rest trees from the challenges of inner-city living.

Work on the Bourke Street Mall was completed on time, with minimal disruptions for businesses and transport services in the area.

Mayors' Asia-Pacific Environmental Summit

More than 80 mayors and local government representatives came to Melbourne for the Mayors' Asia-Pacific Environmental Summit in May 2006. The summit explored ways local government leaders could develop environmental investments for their communities.

This was the first time the summit had been held in Australia, and attendees included the Vice-Governor of Phnom Penh, Cambodia, and the mayors of Hiroshima, Japan; Kolkata, India; and Rawalpindi, Pakistan.

The summit was an opportunity for Melbourne environment businesses to share their ideas and services with some of the largest cities in the Asia-Pacific, and was held in conjunction with ENVIRO 2006, Australia's largest environment industries conference and trade show.

The summit helped to increase awareness of Melbourne in the Asia-Pacific as a regional and world leader in sustainability planning and policy.

Seattle trade alliance

Leading civic and business people from Seattle visited Melbourne in May 2006. More than 90 delegates from some of America's biggest companies met with Melbourne business and government representatives. A Memorandum of Understanding was signed between the City of Melbourne, Invest Victoria and the Trade Development Alliance of Greater Seattle as a direct result of this visit.

Business development fund

The City of Melbourne's Business Development Fund supports and encourages business and trade development in the municipality. The fund offers small business development grants; an international business and trade program; a program attracting business headquarters to Melbourne; and information and promotion services.

In December 2005, the *Business Development Fund Annual Performance Report* was presented to Melbourne City Council's Business and Marketing Committee.

This report showed that in the next two years, an investment of $1.3 million made in 2004-05 will generate almost $70 million through small business development and trade activities. In the next two years, grants given to 13 small businesses (including 10 'start-up' businesses) will bring a return of 102 jobs, $2.1 million investment in the city and $7.6 million in turnover. Small business grant recipients included a commercial car sharing company and a city-based Asian-style bathhouse.

A business mission to Shanghai in September 2005 generated $42 million for Melbourne, and assistance provided to 35 businesses through the Melbourne Office Tianjin, raised an additional $20 million.

Melbourne Business Festival

Melbourne Business Festival 2005 showcased Melbourne's business capabilities to a broad audience.
The festival, presented by the City of Melbourne, included: presentations by high-profile speakers; networking events; workshops on topics such as branding, workplace relations, export, and achieving business goals; and coaching. Approximately 20 events were held, attracting more than 1,200 people. The festival, in its third year in 2005-06, is now a well-recognised event for Melbourne businesses.

that's me!bourne campaign

A new destination advertising campaign, under the Me!bourne brand, was launched in March 2005, using television, print, radio and the internet to sell Melbourne as a shopping and social destination. A survey following the campaign showed reaction to the campaign was positive – 87 per cent of people surveyed had seen the ad on television, and more than 70 per cent of these people said the ad was worth watching, a figure above our target of 65 per cent.

Supporting retail in the city

In 2005-06, the City of Melbourne established a dedicated 'retail unit' to act as a liaison between the organisation and Melbourne's retailers. The new unit will also drive the implementation of a new retail strategy, to be launched in 2006-07.

The City of Melbourne and the Victorian Government collaborated on the creation of a landmark strategy for retail development in Melbourne's central business district. Supported by Melbourne's key retail advisory board, the City Centre Executive, the project included extensive global research, benchmarking Melbourne's retail offer against other cities around the world.

A 10-day tour to London, Birmingham, Paris and New York gave City of Melbourne representatives first-hand experience of emerging retail trends. The tour was also an opportunity to meet with international players in the retail sector. The research and tour will contribute significantly to the development of our *Melbourne Retail Strategy 2006-2012*.

Melbourne marketing campaigns

High profile marketing campaigns targeting city visitation and business vitality were delivered in 2005-06. Campaigns included Summer in the City, our first summer seasonal campaign that positioned the city as the place to be for summer dining, outdoor entertainment and family fun. The campaign featured:

- a dedicated summer brand television advertisement;
- partner television advertising;
- a *Summer in the City* magazine;
- a half-hour television program;
- print advertising;
- special offers promoting city bars and restaurants; and
- a public relations and promotional campaign.

Marketing campaigns for specific events were also completed. Campaigns supported events such as: Moomba, Christmas in the City, New Year's Eve, Summer Fun in the City, Volvo Ocean Race, and Melbourne Spring Fashion Week.

Commonwealth Games marketing

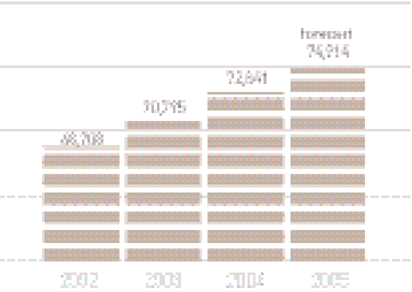
The City of Melbourne also developed a major marketing campaign to make the most of opportunities provided by the Commonwealth Games. The campaign included tactical advertising for many satellite events, a television commercial, a new season of the 'that's me!bourne' television series, a bars and dining promotional campaign and a public relations campaign.

City Index 2005

City Index is the monitoring report for *City Plan 2010*, and a new City Index was completed in 2005-06. The index summarises how the municipality has performed against a series of economic, social and environmental measures. A new index report is produced every two years to measure our progress towards *City Plan 2010's* vision of a 'thriving and sustainable city'.

City Index economic findings 2005-06

University enrolments

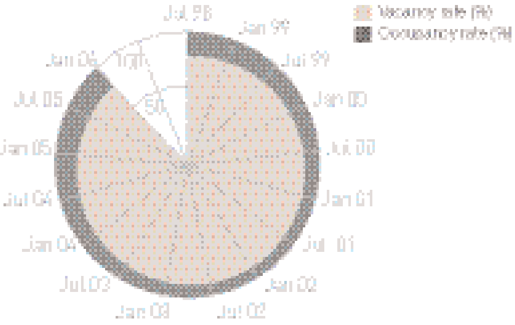


Source: City Index 2005, City of Melbourne publication

Eight universities have campuses in the City of Melbourne: University of Ballarat; Swinburne University of Technology; Victoria University; Latrobe University; RMIT University; Monash University; University of Melbourne; and the College of Divinity.

Enrolments have increased by more than 4,000 since 2002. International student numbers have also increased in recent years. In 2004-05, the City of Melbourne had 9,664 international students – now we have more than 12,000.

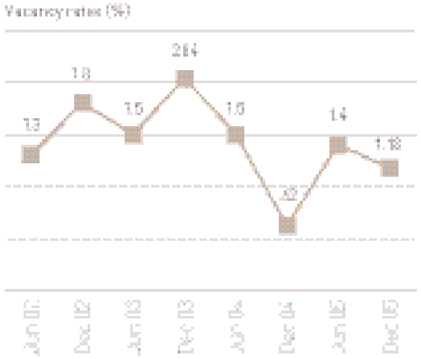
Office occupancy rates



Source: City Index 2005, City of Melbourne publication

Office vacancy rates in the central business district have varied significantly during the past 20 years. Vacancies were at nearly 27 per cent during the early 1990s recession. Subsequent economic growth and high employment rates saw office vacancy rates fall to eight per cent in 2002. New construction in the city has added many new office buildings to the market in recent years. Despite this, and following the inclusion of Docklands into our figures, the office vacancy rates have continued to improve.

City retail vacancies



Source: City Index 2005, City of Melbourne publication

Melbourne is becoming Australia's major shopping destination, with shopping centres such as QV, Galleria, Melbourne GPO, and a revamped Melbourne Central opening in recent years. Despite many new retail spaces becoming available, central business district retail vacancies have performed remarkably well and remained low.

Our international connections

Connections with international cities are extremely important to the City of Melbourne. They are an opportunity to learn, to educate and to share. Melbourne businesses, residents, workers and visitors benefit from these relationships.

The City of Melbourne maintains strong connections with business communities abroad through our network of six sister cities, and through the Business Partner Cities network.

Melbourne Commonwealth Games

From an international relations perspective, the Melbourne 2006 Commonwealth Games was a great opportunity to build upon Melbourne's international connections. A major civic hosting program was developed, and the City of Melbourne met with many Commonwealth Games teams to welcome them to our city. Other visitors during the Games included delegations from Tianjin and Guangzhou in China and delegations from cities bidding for the 2014 Commonwealth Games.

Our Commonwealth Games report is on page 44.

Biotechnology mission

A multi-million dollar deal was signed between a Tianjin pharmaceutical company, the China Development Bank Tianjin Branch and the Melbourne-based International Program Funds of Australia in November 2005, to develop Chinese medicine in Australia and other western markets.

Melbourne biotechnology businesses will share in this $170 million clinical trial program as a result of the City of Melbourne's Mission to China in September 2005, led by Lord Mayor John So. This deal is a natural progression from the positive relationship built between Melbourne and China.

Annual business missions

Each year the City of Melbourne, in conjunction with the Australian Industry Group, joins an annual round table meeting of the Business Partner Cities Network. Business and political leaders from participating cities attend the round table, creating opportunities for discussions, idea sharing and networking.

The City of Melbourne has attended round table meetings in Mumbai (2001), Ho Chi Minh City (2002), Seoul (2003), and Shanghai (2004) and Tianjin (2005).

Members of the Business Partner Cities Network include: Osaka; Bangkok; Melbourne; Ho Chi Minh City; Hong Kong; Jakarta; Kuala Lumpur; Manila; Mumbai (Bombay); Seoul; Shanghai; Singapore; and Tianjin.

City of Melbourne sister cities

Osaka, Japan
Tianjin, China
Thessaloniki, Greece
Boston, USA
St Petersburg, Russia
Milan, Italy

Sister city activities

Osaka celebrations

Melbourne and Osaka celebrated the Australia-Japan Year of Exchange in 2006. This year also marks the 30th anniversary of the signing of a basic treaty of friendship and understanding between our two countries.

In February 2006, the City of Melbourne held its first official Year of Exchange event, the Osaka Twilight Festival. Held in the Treasury Gardens, the festival was a celebration of Japanese culture. More than 5,000 people attended, exceeding expectations. This event was organised with the support of the Japan Club of Victoria.

Mission to China

Sister cities Melbourne and Tianjin (China) celebrated 25 years of friendship in 2005. Ours was the first sister city relationship between Australia and China, and it has been a relationship that has brought many benefits to Melbourne.

In September 2005, Lord Mayor John So led Melbourne's largest delegation to Tianjin. Delegates included representatives from business, RMIT University, civic groups, schools and citizens.

Tianjin government leaders training program

In 2005-06, the City of Melbourne and RMIT International hosted government leaders from Tianjin in a three-month training program. This is the eighth group to participate in the Tianjin Government Leaders Training Program since its inception in October 2001. The program continues to build strong personal and professional links between Melbourne and Tianjin.

The program is also an opportunity for Melbourne companies to showcase their business practices, products and services to the future leaders of the Tianjin Municipal People's Government.

Thessaloniki student art exchange

Art from middle-year students in both Melbourne and Thessaloniki was exhibited in Melbourne in August 2005. Students from Thessaloniki interpreted the theme 'what the Olympics mean to me'. Students in Melbourne took photographs on the theme 'what my city means to me'. The exhibition will travel to Thessaloniki in October 2006 for the annual Dimitria Festival, celebrating Thessaloniki's patron saint.

Milan activities

Melbourne and Milan share a passion for fashion and design and, since our sister city relationship was formalised in 2004, both cities have enjoyed the benefits. Sister city activities between Melbourne and Milan in 2005-06 included:

- parading Milan in Melbourne (showing work of Milan's Istituto Marangoni graduating year) as part of Melbourne Spring Fashion Week;
- a Melbourne visit by Milan's Commissioner for Fashion, Tourism and International Relations;
- a Melbourne visit by a Milan City Council delegation that included round table discussions about city management, multicultural communities and city safety;
- graduating students from RMIT University were invited to participate in Studio la Moda in Milan in November 2005, an event showcasing young fashion designers and supported by the City of Melbourne; and
- the Piazza Italia in Lygon Street, Carlton, opened in January 2006, attended by President Giudice, Milan City Council.

Disappointment

While the Mayors' Asia-Pacific Environmental Summit, held in May 2006, was a success in promoting environmental development opportunities, we were unable to attract private sector sponsors to support this event. Early interest in the summit was not converted into sponsorship dollars.

Looking ahead

Work has started on the development of a *Knowledge City Strategy* for Melbourne, to promote and build upon the intellectual wealth of our city. We are now working with RMIT University and the Melbourne Vice Chancellors Forum, examining the needs of international students to extend Melbourne's capacity as a knowledge city.

The *Melbourne Retail Strategy 2006-2012* will be completed in July 2006. The strategy is a joint initiative between the Victorian Government, the retail sector and the City of Melbourne, and will include plans for building Melbourne's reputation as an international retail destination.

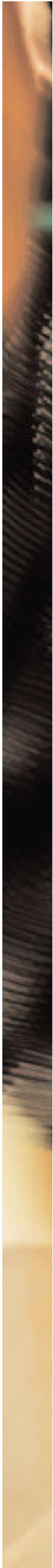
The strategy is being developed in consultation with the Melbourne City Council's Melbourne Retail Advisory Board, and will draw upon results of a 2005-06 study of Melbourne's retail industry that compared our performance with cities including London, New York, Barcelona, and Paris.

The strategy will include recommendations such as a 'city shopping festival' and the introduction of retail ambassadors to help tourists discover Melbourne's shopping secrets.

Swanston Street, one of the city's retail hubs, is home to Melbourne Central, the QV shopping centre and the entrance to the Bourke Street Mall. Many improvements for this busy street were planned in 2005-06, including:

- the Northern Gateway Project, creating a new public plaza at the northern end of Swanston Street (the corner of Swanston Street and Victoria Parade). The new plaza will feature paving and landscaping. Construction will begin in 2006-07;
- improved bike access along Swanston Street was also planned in 2005-06; as well as
- research into the creation of above-awning guidelines.

Work on these projects will move into the consultation and construction stages in 2006-07.



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STRATEGIC OBJECTIVE

3 Inclusive and engaging city

An inclusive and engaging city is a city that welcomes and enables all people to participate fully in city life. It is an attractive and stimulating place in which to live, work, and visit, with a high level of cultural vibrancy and creativity.

Financial performance

	Expenditure	Revenue
Planned ($ million)	70.7	25.5
Actual ($ million)	71.9	29.4
Variance ($ million)	(1.2)	3.9
% of budget	102 per cent	115 per cent

This chart shows the amount we spent (expenditure) and the amount we earned (revenue) in achieving the activities within this strategic objective.

To achieve our strategic objective of an inclusive and engaging city, our activities focus on:

- arts and culture;
- city development;
- community services;
- events;
- recreation and leisure services;
- social planning and development;
- urban policy and design; and
- visitor and resident information services.

Achievements

Melbourne Mobility Centre

Established in time for the Melbourne 2006 Commonwealth Games, the Melbourne Mobility Centre will remain available for visitors and residents in need of information to help them move around the city. The centre was developed in partnership with the Department of Victorian Communities (Community Support Fund) and the Office of Commonwealth Games Coordination, and with the support of Federation Square.

The centre, designed to be a part of Melbourne's transport network, is close to major transport connections and accessible car parking. The centre provides services for people of all abilities, including:

- hire of wheelchairs, scooters, walking frames and canes;
- information about accessing city services and attractions;
- accessible toilets, telephones (TTY), internet and maps; and
- volunteer support services.

During the Commonwealth Games, 145 new customers used the service.

Melbourne City Tourist Shuttle

In March 2006, the Melbourne City Tourist Shuttle began operation in the city. This free bus takes visitors and residents to popular tourist and retail locations around the city, including: the Queen Victoria Market; the Immigration Museum; the Melbourne Museum; Flinders Quarter; Chinatown and the University of Melbourne .

Following community consultation and a tendering process, the National Bus Company was awarded a one-year, $676,824 contract to run the shuttle bus service. The service will be paid for using money from the Victorian Government's long-stay parking levy.

By June 2006, passengers riding the shuttle bus had increased more than 50 per cent, with more than 40,000 people using the service between March and June. The most popular stop is the Queen Victoria Market, and the service is most frequently used between 10am and 2pm.

Buses depart from each stop every 15 to 20 minutes, at 15 locations around the municipality.

Tourism industry summit

The City of Melbourne held a tourism industry summit in November 2005, attended by the Federal Minister for Tourism, Fran Bailey, the Victorian Minister for Tourism, John Pandazopolous, and Victoria's top tourism representatives.

At the summit, the Lord Mayor announced the signing of a Memorandum of Understanding between the City of Melbourne and Victoria's key tourism agencies on the *Melbourne Tourism Action Plan*.

This action plan is a collaboration between the City of Melbourne, Tourism Victoria, Destination Melbourne Ltd, the Victorian Major Events Company and the Melbourne Convention and Visitors Bureau, looking at marketing, events, information and visitor services development, research and industry communication.

At the summit, the Lord Mayor also announced the formation of a Council of Capital Cities Lord Mayors' Tourism Forum, and outlined the City of Melbourne's work on ventures including:

- the Melbourne Convention Centre development;
- a waterfront tourism plan for Docklands;
- retail development; and
- international networking.

Municipal Public Health Plan

The City of Melbourne is one of Victoria's fastest growing municipalities, with more than 690,000 people spending their day in the city, and more than 280,200 people occupying the city at night.

A new municipal public health plan, *CityHealth 2005-2009* was completed in November 2005 to improve the municipality's health and wellbeing. The plan will guide the development of the City of Melbourne's health-related policies and programs for the next four years.

The plan includes principles to support and manage: environmental health; amenities and services; life opportunities and choices; inclusion and participation; transport; urban planning; and governance.

By 30 June 2006, many *CityHealth 2005-2009* initiatives were under way, including: a waste management strategy; an 'early years' plan; and research on perceptions of safety, drug trends and youth participation.

CityHealth 2005-2009 was developed in partnership with many organisations and with the community, and draws on the Victorian Government's municipal public health planning framework, *Environments for Health.*

Health services

The City of Melbourne conducts inspections and assessments at premises serving or selling food in the municipality.

Health services inspections 2005-06

Statutory inspection target	2,430
Statutory inspection actual	2,430
Additional Commonwealth Games program inspections	563

Source: internal data

These statistics do not include follow-up inspections or inspections conducted as a result of a complaint. The City of Melbourne processed 191 new food premises registrations and 288 food premises transfers between June 2005 and May 2006, and all these businesses were also inspected.

Food safety training

The City of Melbourne offers food safety training to Melbourne's hospitality and food service industries. Food handling, supervision and local laws are included in training that is beneficial to both businesses and to their clients. In 2005-06, 1,746 people enrolled in 93 food safety training courses.

A new online version of the Food Safety for Food Handlers course was launched in 2005-06 and is so popular that businesses from regional Victoria and overseas have participated.

Pet ownership in the City of Melbourne

The City of Melbourne promotes responsible pet ownership, and has a contractual agreement with The Lost Dogs' Home to provide animal management services.

Pet registrations

	2001-02	2002-03	2003-04	2004-05	2005-06
Cats	1,835	1,701	1,698	1,678	1,558
Dogs	1,871	1,913	2,024	2,173	2,104

Source: The Lost Dogs' Home

Based on registration figures, cat ownership in the municipality is declining while dog ownership is increasing.

Graffiti management

A plan for the management of graffiti in the City of Melbourne was adopted by the Melbourne City Council's Community and Culture Committee in November 2005.

Our *Graffiti Management Plan,* which was revised after public consultation, includes:

- time limits for the removal of graffiti from publicly and privately owned property;
- zero tolerance for 'tagging'; and
- increased efforts to remove graffiti from high profile areas.

Property owners who want to keep murals on their buildings can apply for a permit under the new plan.

Places for People 2004

Places for People 2004 is a study of pedestrian activity in the city, produced by the City of Melbourne in collaboration with Gehl Architects, urban quality consultants based in Copenhagen, Denmark. The study was published in 2005, and notes a remarkable increase in Melbourne's public life during the past 25 years. The study reviewed the City of Melbourne's performance in creating places for people during the past decade.

The study found that Melbourne has been regenerated from an under-utilised place to a vibrant, charming 24-hour place.

The study found that in 10 years:

- city apartments have increased by 3,311 per cent;
- resident numbers increased by 830 per cent;
- public space on streets and in squares has increased 71 per cent;
- the city centre has 275 per cent more cafes and restaurants; and
- pedestrian traffic has nearly doubled.

Sandridge Bridge precinct

As expected, all work on the Sandridge Bridge precinct project was completed in 2005-06. The project was an opportunity for the City of Melbourne to create a new public space, and to better connect the north and south banks of the Yarra River. The Sandridge Bridge precinct project included: the creation of a public square, Queensbridge Square; the redevelopment of the Sandridge Bridge (including installation of *The Travellers* public art); an amphitheatre; landscaping and improved pedestrian and bike access.

Publications

The City of Melbourne produced three regular publications with information about new projects, programs, services and initiatives at the City of Melbourne.

In 2004-05, *Melbourne News* was produced every six weeks, and was distributed to all ratepayers, residents and businesses in the municipality. *Melbourne Business* was distributed to every business in the municipality, with 12 editions published in 2004-05.

A new e-newsletter, *Melbourne Update,* was first published in November 2005. *Melbourne Update* is published fortnightly, and includes information about city events and issues affecting our residents. *Melbourne Update* had more than 800 subscribers at 30 June 2006.

Our three websites, including That's Melbourne (events, dining, night life), our corporate site (services, programs, general information) and Business Melbourne (business services and information) were also available to stakeholders.

www.thatsmelbourne.com.au

www.businessmelbourne.com.au

www.melbourne.vic.gov.au

Active Melbourne

Active Melbourne is the City of Melbourne's plan to increase community health and wellbeing. The plan was endorsed by the Melbourne City Council's Community and Culture Committee in April 2005, and in 2005-06, the first Active Melbourne programs were initiated.

Active Melbourne community sport and recreation grants were awarded to 33 applicants in June 2006, supporting recreation programs for residents, workers, and visitors to the city. Grants were awarded to applicants for programs including:

- an under 18's football team for the Carlton public housing estate;
- support for the Australian deaf basketball team to attend a training camp;
- establishing two new women's teams at the South Yarra Soccer Club; and
- sports activities for students from non-English speaking backgrounds at St Josephs.

Members of City of Melbourne swimming pools were granted reciprocal membership rights over the summer months, giving members access to all pools for the cost of one membership.

An *Active Melbourne* newsletter was published quarterly, with information about health-related programs and activities in the City of Melbourne.

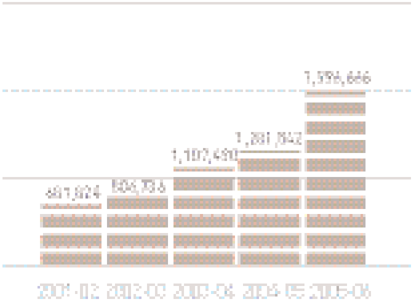
Visitor numbers

The Melbourne Visitor Centre at Federation Square set a new record in 2005-06, welcoming 6,858 visitors in one day during the Commonwealth Games. This was 1,500 visitors more than the previous record, set on Australia Day 2005.

The Melbourne Visitor Booth in the Bourke Street Mall experienced a 288 per cent increase in customers compared with the same period last year.

The City Ambassador program also experienced a significant increase of 258 per cent.

Visitors using City of Melbourne services



Source: internal data

Use of City of Melbourne visitor services continues to increase.

The Melbourne 2006 Commonwealth Games

The Melbourne 2006 Commonwealth Games was the largest sporting event ever staged in Melbourne.

15 March to 26 March 2006 Melbourne hosted the 2006 Commonwealth Games

In March 2006, more than 90,000 international visitors, and thousands of athletes and officials, arrived in our city from the 71 competing nations of the Commonwealth.

More than 90 per cent of Games activity took place within the City of Melbourne municipality. The Games attracted record crowds while an estimated 1.5 billion television viewers watched on in lounge rooms around the world. Our budget of $30.949 million included financial support of $19 million for city improvements. More than 80 per cent of residents agreed the Games had left a positive legacy, while 97 per cent of interstate and international visitors said Melbourne is a place they would recommend others to visit.

Our Games objectives

The City of Melbourne had two important objectives in its involvement with the Melbourne 2006 Commonwealth Games:

- to help ensure a successful event for Melbourne; and
- to use the staging of the Games to get as many community benefits as possible.

Here's what the Melbourne 2006 Commonwealth Games brought to our city.

Improvements in infrastructure

More than 80 per cent of residents believe city improvements have left a positive legacy. More than 95 per cent of visitors thought Melbourne was well presented during the Games.

Capital works projects completed in time for the Games included:

- Bourke Street Mall upgrade;
- Sandridge Bridge precinct redevelopment;
- Royal Park Wetlands;
- park lighting improvements;
- Piazza Italia (Lygon Street, Carlton);
- Princes Bridge refurbishment;
- street upgrades across the municipality; and
- banner poles and signage.

Excellence in city operations

All the city's normal services were maintained during the Games period. The City of Melbourne, Spotless and CityWide cleaning and waste contractors, and the Waste Wise recycling initiative maintained a high standard of cleanliness for the city. Well-planned recycling bin placement and signage meant less than 10 per cent of recycled material was contaminated.

Services for the community were increased to accommodate increased demand during the Games period, particularly in the areas of homelessness and disability services.

More local law and health service officers were employed during the Games. Road permits and traffic management approvals were completed on time.

More than 90 per cent of interstate and international visitors agreed Melbourne was easy to get around during the Games.

Local businesses were given support and assistance through the Victorian Government's Business Ready program. The City of Melbourne promoted this program that included guidance, checklists and other information for businesses to help them to plan and prepare for the Games.

Commonwealth Games social impacts

The City of Melbourne developed a social impacts management plan to ensure that our community was not negatively affected during the Games. The plan focused on:

- accessibility;
- city safety;
- at risk and vulnerable people;
- critical incident preparations;
- maintaining aged and family services; and
- assistance for Indigenous community members.

The City of Melbourne formed a partnership with the Department of Human Services Homeless Program and the Council to Homeless Persons to establish services and strategies to protect our most vulnerable community members during the Commonwealth Games.

The pre-purchase of 60-bed accommodation for March, and the funding of a 24-hour helpline, ensured people without homes would have somewhere safe to sleep. No reports have indicated that people without homes were negatively affected by Games activities.

The Melbourne Mobility Centre operated throughout the Games, giving people of all abilities access to services and information to help them get around the city.

A celebration of community

More than 100,000 people lined the banks of the Yarra River to view the opening ceremony river show, the first time a free public event has been staged to coincide with the opening of the Commonwealth Games.

More than 300,000 people attended City of Melbourne-sponsored events, including:

- the opening night river show and subsequent nightly repeat performances. (The City of Melbourne provided $3 million in funding for the river show);
- an Indian festival, celebrating the culture of the City of Melbourne's adopted 'second team', India;
- our annual Moomba Parade attracted an estimated 100,000 people;
- more than 30,000 people attended a street party celebrating the arrival of the Queen's Baton in Melbourne, signalling the arrival of the Games;
- ArtPlay (our children's art centre) attracted 25,000 families, who made platypus kites and helped decorate a giant ArtPlay dingo. Sing For Water brought community singing groups together for child and group performances; and
- a parade celebrating the achievements of our athletes and volunteers was held after the event, generating more than 60 positive media stories.

City pedestrian traffic increased by 40 per cent, with Swanston Street, the Yarra precinct and the Bourke Street Mall attracting the most pedestrian traffic. An estimated 1.9 million people passed through city parkland during the Games.

Melbourne's Games energy and vitality was praised by 80 per cent of our residents and more than 70 per cent of residents said they felt increased pride in Melbourne after the Games.

Increased recognition for the city

International broadcasts of the Commonwealth Games reached an estimated 1.5 billion people. More than 85 per cent of Melbourne residents agreed Melbourne's reputation as an events capital of Australia was improved by the Games.

All 71 competing nations were invited to attend special City Welcome ceremonies at the Melbourne Town Hall. Ceremonies were held for 19 competing teams. A further nine delegations were also received.

Melbourne's role in the Commonwealth Games generated 500 media stories, including 443 positive stories, 33 neutral stories and 24 negative stories. At Games events, our Lord Mayor also inspired extraordinary public interest.

The City of Melbourne signed a 'letter of intent' with the Chief Minister from Delhi, India, to foster future business exchanges.

Melbourne's reputation as a major events venue has been proven absolutely, making it even more likely our city will attract future major events.

Excellence in corporate management

The City of Melbourne established a dedicated Commonwealth Games Unit to manage most aspects of our involvement in the Games. This unit collaborated with every branch within the organisation, creating a heightened sense of unity and group ownership of the event.

Staff were given many opportunities to develop new skills and experience, including secondments, volunteering, and staff reward and recognition programs. Staff retention levels remained consistent before, during and after the Games, and our annual retention rate has remained at 2004-05 rates. No workforce management issues, including industrial matters, were referred to our human resources team, indicating that managers handled workforce issues effectively during the Games period.

The City of Melbourne showed a strong commitment to collaboration, including successful relationships with the Office of Commonwealth Games Coordination and Melbourne 2006 Commonwealth Games. Through the planning and staging of the Games, the organisation has also strengthened its relationships with Victoria Police, VicRoads and other local councils.

The City of Melbourne introduced a clear command and control structure for the city with more than 50 City of Melbourne officers involved in issues management.

Stakeholder management was a priority for the organisation with Games-related activities including: supporting the Victorian Government's Business Ready program to help businesses prepare for the Games; communication with residents on issues including street closures and noise; and a staff engagement program.

The hosting of the Commonwealth Games was a huge undertaking. The City of Melbourne is proud of its contribution to this major event.

Our success has confirmed Melbourne's reputation as:

- **a great place to live;**
- **a great place to visit;**
- **a great place to do business; and**
- **a great place to stage major events.**

Services for our community

The City of Melbourne offers a wide range of services for the community.

Families

In 2005-06, the City of Melbourne's family support and counselling program gave parenting, advocacy and counselling support to 219 families. Another 200 families received short-term assistance. Almost 70 per cent of families using these services come from culturally and linguistically diverse backgrounds, including refugee communities.

More than 50 parents and children, from seven different nationalities, attended the City of Melbourne's annual family support camp at Belgrave Heights.

More than 40 playgroups operated in the City of Melbourne in 2005-2006, a 40 per cent increase on 2004-05 figures. Ethno-specific groups have been established for African, German, Japanese and Spanish families, and a new support group for isolated mothers living in the central business district was created. Approximately 500 families attended City of Melbourne-supported playgroups in 2005-06.

The City of Melbourne offered group and individual parenting programs for parents, on topics such as sleep, nutrition, safety and fathering, as well a special 'Exploring Together' program for vulnerable parents. All programs were well attended.

A group of 12 new prep students with Horn of Africa backgrounds attended a school transition program, run in conjunction with Carlton Primary School.

Children

The number of children living in the municipality is increasing. In the 10 years between 2001 and 2011, child numbers will almost double from 2,760 to 5,362.

The City of Melbourne defines a child as aged less than 12 years.

Municipal Early Years Plan

The City of Melbourne's *Municipal Early Years Plan 2005-2009* addresses issues the municipality will face in the future as our child population increases. The plan details future directions for education, child care, health, and other activities concerning children from birth to eight years.

In the plan, the municipality has been divided into six residential precincts with specific demographic needs.

The plan was endorsed by Melbourne City Council's Community and Culture Committee in September 2005.

Child care places

This table shows the number of children on waiting lists for City of Melbourne-owned child care centres. As our young and working populations have increased, demand for child care places has also increased.

Children on child care waiting lists in the City of Melbourne

2004-05	2005-06
517	568

With more than 560 children on waiting lists for our child care centres, an increase in services has become a necessity. In December 2005, the Melbourne City Council's Community and Culture Committee resolved to make 200 new places available by 2008.

In 2005-06, the City of Melbourne provided approximately 170 places (including day care and occasional care) at its four centres.

Maternal and child health

The City of Melbourne has five maternal and child health centres, caring for 619 babies and 984 children in 2005-06. First time mothers and/or mothers from culturally and linguistically diverse backgrounds were well represented in these figures. New parent groups, a wellbeing program for mothers with post-natal depression, and a new drop-in breastfeeding support service were also available.

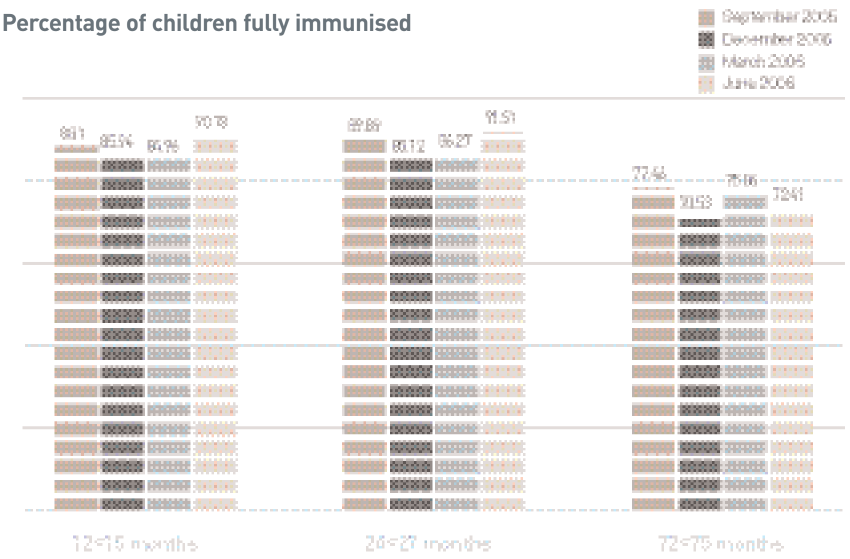
Immunisation

In 2005-06, the City of Melbourne continued its program of free immunisations for infants and young children (to five years old); secondary school students (years seven and 10); and over 65's. In 2005-06, influenza vaccinations were also available to City of Melbourne staff, to some companies within the central business district and to school staff.

Department of Health Services immunisation targets (more than 90 per cent of infants and young children aged 12 to 15 months and 21 to 27 months fully immunised) were met in 2005-06.

In May 2006, free influenza vaccines were given to 54 residents over the age of 65, an increase on May 2005 when 30 immunisations were given.

Percentage of children fully immunised

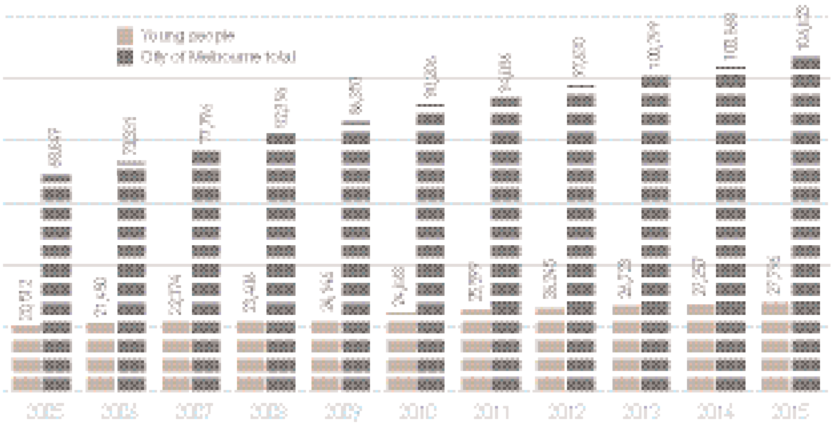


Source: internal data

This graph shows the percentage of children fully immunised in the City of Melbourne in three-month periods from 1 July 2005 to 30 June 2006. Immunisation rates for children up to 27 months have increased on previous years following a change in the way immunisations are managed. Immunisations are now provided as part of regular check-ups at Maternal and Child Health Centres and/or homes.

Young people

Forecast numbers of young people compared with total population



Source: internal data

Almost 30 per cent of the City of Melbourne's population is aged between 12 and 24 years, with numbers expected to increase in future. This graph shows the projected proportion of young people compared with Melbourne's total population. More young people will be living in the municipality in the future, increasing from 20,516 in 2005, to almost 28,000 young residents in 2015.

Young people's policy

Our new young people's policy, *A City for Young People: Young People's Policy 2005-2009* is designed to help us create an inclusive, fair and healthy city for young people. The policy was endorsed by the Melbourne City Council in June 2005, and the next step is the development of a youth advisory model for the City of Melbourne.

Aged care

The City of Melbourne has a high percentage of young people, but our older population is also increasing. In 2001, the municipality was home to 7,586 residents aged 55 or more. By 2015, the municipality could have 18,906 residents aged 55 or more.

Lifelong Melbourne

During 2005-06, the City of Melbourne prepared a discussion paper on the future of aged care services in the municipality. The paper, *Lifelong Melbourne*, will be released in 2006-07, and will be followed up by extensive community consultation to create a new aged care plan.

Activities for older people

Activities for older people in 2005-06 included a Kensington neighbourhood group, established to give older residents a place to socialise and participate in group activities. This popular group attracted 24 members to its weekly activities.

A weekly program for older Italians began in 2005-06, offering weekly activities such as bocce, tombola and sight-seeing excursions, supervised by trained, Italian-speaking staff. All 15 places in this successful program were filled within weeks.

A seniors' Christmas concert was also held, attended by more than 1,000 seniors from many different backgrounds.

Home delivered meals

The City of Melbourne provided home-delivered meals to residents who have difficulty preparing food themselves. Meals are also provided for community centres. The number of meals provided by this service is steadily increasing.

Meals provided

The City of Melbourne provides subsidised healthy meals for an increasing number of residents.

2001-02	46,980 meals*
2002-03	44,903 meals*
2003-04	45,315 meals*
2004-05	46,740 meals*
2005-06	48,477 meals*

*Figures include home-delivered and centre-based meals.

Community Services grants

The City of Melbourne's community services grants are available to non-profit community organisations for specific projects. In 2005-06 our grants program attracted 104 successful applications. Grants were offered for the calendar year, from January 2006 to December 2006.

Grant categories included: community information and support, youth, children's services, ethnic meals subsidy, and city safety.

An additional 13 grant recipients received a total of $12,670 through our new 'emerging needs' category.

Our community use of town halls scheme offers in-kind sponsorship for room hire and venue support staff at the Melbourne Town Hall, North Melbourne Town Hall, Horti Hall and the Meat Market. The scheme received 123 applications in 2005-06 and 103 were approved.

Publications

Community service-focused publications produced in 2005-06 included:

- *Helping Out* provides a comprehensive list of agencies offering free and low-cost services in the City of Melbourne. The booklet is available in English and Vietnamese.
- *10 Tips for Enjoying Melbourne* includes information to help new arrivals and visitors feel safe and comfortable in our city. Published in four languages, the brochure is also available on the City of Melbourne website.
- *Quick Reference Guide – Support Services in the Melbourne CBD* is a business-card sized resource that lists health and welfare support contact details. This card helps vulnerable and marginalised people in our community.
- Access publications are produced to help people of all abilities enjoy all the city has to offer, including: *Accessing Melbourne, An access guide to the City of Melbourne* for people with mobility impairments; *City Eating*, an access guide to eateries; and the *CBD Mobility Map*.

People of all abilities

Almost 15 per cent of City of Melbourne residents have reported a disability. A disability may be physical, intellectual, sensory, neurological, psychiatric, an acquired brain injury, a learning disability, a physical disfigurement, the presence in the body of a disease-carrying organism and/or age-related.

Disability Action Plan

Following extensive research and community consultation, *Melbourne – A City for People of All Abilities, Disability Action Plan 2005-2009* was launched in October 2005. The plan outlines actions the organisation is taking to build a more accessible and inclusive community.

The Melbourne Mobility Centre opened its doors in 2006. Community members using the centre say it has helped them get around the city, and enjoy all the city has to offer. The availability of mobility aids has also made it easier to fulfil personal commitments.

The Melbourne Mobility Centre Reference Group was formed in 2005-06, giving advice on the operation of the centre.

Good Access is Good Business

The Good Access is Good Business program trains businesses in disability and access awareness. Eight workshops were held in 2005-06, attended by 42 people representing 28 businesses.

Indigenous programs

The City of Melbourne's *Statement of Commitment to Indigenous Australians* reflects the organisation's recognition of Indigenous issues and interests. The statement includes objectives for addressing Indigenous needs and aspirations through the development of strategies, agreements and protocols.

Indigenous social and economic development

A draft Indigenous *Social and Economic Development Framework* was developed in June 2006. This framework will help the organisation identify opportunities for planning, advocacy, and other actions to support the Indigenous community.

Safety and injury prevention

A *Strategy for a Safer City 2004-2006* guides the City of Melbourne in its city safety activities.

City safety grants

In 2005-06, $50,000 in city safety grants were awarded to projects addressing responses to violence; women's safety; safety in public spaces; suicide prevention; and business security.

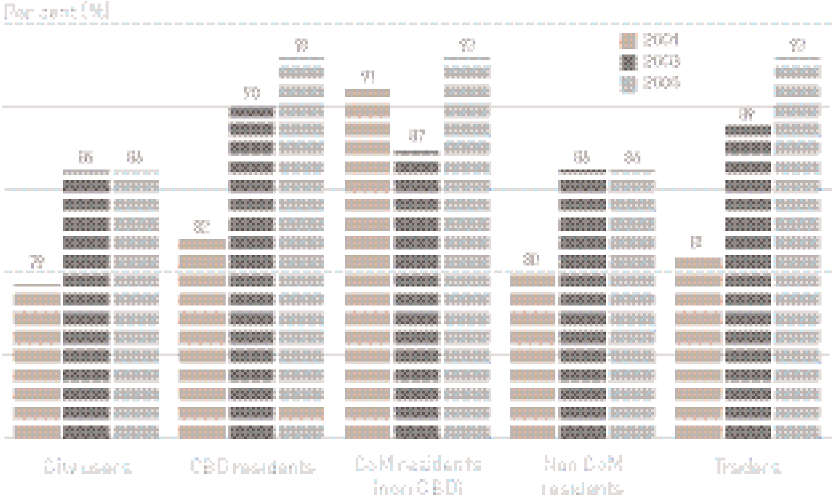
SkateSafe

The SkateSafe program educates skaters on personal safety, injury prevention and the benefits of protective equipment. In 2005, the City of Melbourne and the Department of Human Services commissioned the Monash University Accident Research Centre to conduct research on protective gear for skaters.

New SkateSafe activities were developed in response to the research, including: a peer education campaign; better safety equipment for skate classes; free skating courses with an emphasis on safety; and introducing compulsory wearing of safety gear at City of Melbourne skate parks.

Perceptions of safety research

Research completed in February 2006 measured perceptions of safety within the City of Melbourne – especially the central business district – of all those who live, work, visit and study in the City of Melbourne.



Source: Perceptions of Safety Research 2006, conducted on behalf of the City of Melbourne.

Almost 90 per cent of people surveyed always feel safe or feel safe more often than unsafe in the city. In some sample groups, such as City of Melbourne residents and traders, this figure is higher again. All figures are stable or have increased since 2003, a pleasing result for the city.

Drugs and syringe management

Good sports accreditation program

This program offers local sporting clubs training in the responsible service and consumption of alcohol in exchange for free 'good sports accreditation'. Only accredited clubs can access City of Melbourne sporting facilities. Nine clubs were accredited in 2005-06.

Syringe disposal services

In 2005-06, 1,788kg of syringe-related waste was collected from syringe disposal bins in the City of Melbourne. A similar quantity was collected in 2004-05, demonstrating continued use and need of syringe-related services.

Recent safety research showed a high proportion of respondents were aware of the safe syringe services provided by the City of Melbourne, with 59 per cent of respondents aware of syringe disposal bins, 32 per cent aware of our daily clean-up service and 19 per cent aware of our Hepatitis C awareness campaign.

Safe syringe disposal training

As part of our *Syringe Management Plan 2004-2006*, the City of Melbourne offers free safe syringe disposal training for the community, with 14 sessions held in 2005-06 financial year, including some sessions offered in Cantonese and Mandarin (attracting 29 participants) and a peer education program run at the Carlton Housing Estate (attracting 30 participants). Videos and DVDs with training information were also available to the community.

Libraries

The City of Melbourne provides library services through the City Library, East Melbourne and North Melbourne libraries and LibraryLink, a neighbourhood access point in Café Domain in South Yarra. The City of Melbourne also has its own corporate library.

	Loans			Visits			New Members	
	2005-06	**2004-05**	**% change**	**2005-06**	**2004-05**	**% change**	**2005-06**	**2004-05**
City Library	799,003	703,193	+13.6	535,181	456,222	+17.3	19,003	17,576
E Melbourne	64,720	73,085	-11.4	40,358	39,532	+2.1	325	286
N Melbourne	258,833	236,400	+9.5	168,592	155,486	+8.4	1,752	1,757
Total	**1,122,556**	1,012,678	+10.9	**744,121**	651,240	+14.3	**21,080**	19,619

Source: internal data

Loans from the City of Melbourne's three main libraries increased 10.9 per cent in 2005-06, while library visits increased 14.3 per cent. Our number of visits per head of population is high (11.4 visits) compared with the Victorian average (5.7 visits).

City Library joint venture

In June 2006, the City Library had received almost one million visits. This library, established in 2004 as a joint venture with the CAE (formerly Council of Adult Education), has been a huge success.

East Melbourne Library and Community Centre

A new East Melbourne Library was built in 2005-06, with a temporary facility operating during construction. The new library features an expanded book collection, improved lounge and reading areas, new community and local history rooms and upgraded technology.

Community groups, including the Friends of the East Melbourne Library Committee, have been involved in the development of this project. While operating from its temporary location, the East Melbourne Library experienced a decline in loans, but an increase in visits.

The East Melbourne Library was built using environmental design initiatives. For more information, turn to page 31.

The new facility is scheduled to opened in August 2006.

Yarra-Melbourne Regional Library Corporation

The North Melbourne and East Melbourne libraries and LibraryLink are part of the Yarra-Melbourne Regional Library Corporation which also includes five City of Yarra libraries.

In 2005-06, work began on dissolving this corporation to create a single public library service for the City of Melbourne. The new service will integrate the East and North Melbourne libraries with the City Library.

Recovery management

Under the *Municipal Emergency Management Plan*, the City of Melbourne has responsibilities in emergency planning, and must be ready to respond to critical incidents. We must also be ready to assist with community recovery after an incident.

Municipal emergency management plan review

In line with legislative requirements, the City of Melbourne's *Municipal Emergency Management Plan* is reviewed every three years and endorsed by the State Emergency Services. A 2005-06 review of the *Community Services Sub-Plan* was a part of this larger review. The plan was updated and renamed the *Recovery Sub-Plan*. Feedback from the State Emergency Services indicated that our work exceeded legislative requirements.

Cultural diversity

Melbourne is the home, workplace and leisure centre of one of the world's most harmonious and culturally diverse communities, where people from more than 140 countries live side by side.

Multicultural Strategy 2005–2009: a city of opportunity

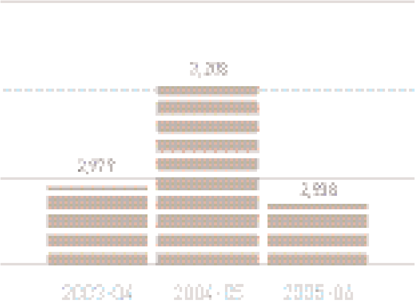
The City of Melbourne's multicultural strategy was developed to help ensure that all communities and residents participate in all areas of the life of the city. This important and challenging goal for the City of Melbourne guides us in our activities, which in 2005-06 included:

- a four-year plan for achieving the recommendations in the multicultural strategy;
- a business plan for development of a City of Melbourne Multicultural Centre;
- review and analysis of the Horn of Africa community development position funded by the City of Melbourne for 2005-06; and
- development of the City of Melbourne International Student Working Committee.

Events in the city

More than 1,433 major events were hosted by the City of Melbourne in 2005-06. These events contribute greatly to the vitality of the city, and to Melbourne's reputation as a world-class destination.

No. of event permits issued



Source: Internal data.

The City of Melbourne issued 2,938 permits for events in the municipality in 2005-06.

Moomba Waterfest

Moomba Waterfest is the city's largest community festival. This year, the Moomba parade was staged as part of the 2006 Commonwealth Games and Festival Melbourne cultural program. The parade attracted more than 100,000 visitors to the city, and a record 50 community and cultural groups participated in the parade. Other Moomba events were held over for 2005-06 to accommodate the Commonwealth Games' vast program of activities.

Christmas in the city

The City of Melbourne's Christmas program drew 8,000 people into the city to welcome Santa's arrival in Melbourne. Our 'Christmas Tree Lighting Spectacular' in Federation Square drew 9,000 people, and our Christmas-themed family activities were attended by 7,500 people over three weekends.

New Year's Eve

New Year's Eve 2005 was the largest New Year's event run by the City of Melbourne. Fireworks ran for longer, with improved pyrotechnics at both the 9.15pm family show and the midnight show. Approximately 450,000 people attended the event at various central business district and waterfront locations, while more than 800,000 people in Victoria and Tasmania watched the event on television.

Melbourne Awards

The City of Melbourne's Melbourne Awards recognise outstanding achievement in community development and business excellence. Thirteen categories were established for the 2005 awards, and 77 entries were received. A Melburnian of the Year Award was introduced in 2005, won by Andrew Gaze, a five-time Olympic basketball player with a passion for human rights. The awards were presented at a gala dinner at the Melbourne Town Hall.

Summer Fun in the City

Summer Fun in the City was held during eight weeks in the summer of 2006. Events were held at 12 sites including parks, gardens and city spaces, catering for all ages and interests. Popular events included: Twilight Rhythms and Moves; a Fairy Factory; the Tianjin Dancing Kite Festival; and the Osaka Twilight Festival. Almost 63,000 people attended, 4,300 more than in 2004-05.

Volvo Ocean Race

In 2005-06, Melbourne hosted a Volvo Ocean Race stopover. The event saw Melbourne Docklands and Port Phillip Bay transformed into a festival zone, filled with people, boats, displays, concerts, fireworks, racing, sailing, food and wine, dancing, parties, demonstrations and school excursions. More than 330,000 people visited the Docklands area during three weeks of activities.

Motorola Melbourne Spring Fashion Week

Motorola Melbourne Spring Fashion Week is the City of Melbourne's largest public fashion event, celebrating the arrival of new spring collections. The event is retail-focused, promoting local businesses and designers. More than 25,000 fashion-friendly people attended official events. The event also attracted around $11.5 million in editorial coverage.

World Gymnastics Championships

In 2005, Melbourne welcomed the 38th World Gymnastics Championships to Melbourne. The event attracted some of the best gymnasts from around the globe with more than 60 countries represented. More than 40,000 spectators attended, including 3,700 people from interstate/overseas. Live coverage was shown in England, Japan, Spain, Romania, Holland, China, Russia and the European Union.

Live Site program

The City of Melbourne works closely with the AFL, Victoria Racing Club, Australian Open and Grand Prix to produce a successful program of 'live site' events. In 2005-06, the World Cup (soccer) was added to the program, attracting 63,000 fans to watch three Socceroos matches on the big screen.

Jayco Herald Sun Tour

The Herald Sun Tour is Australia's oldest and most respected cycling stage race. In 2005, the tour finished with a big event on Lygon Street in Carlton. The Carlton precinct came alive with cycling action, and Lygon Street proved a great stage for this event's finale. Free family and cultural entertainment was also available to visitors.

Our Commonwealth Games report is on page 44.

3

A creative city

The City of Melbourne's *Art Strategy 2004-2007* celebrates Melbourne's passion and creativity. Here are some of the arts and culture programs we supported in 2005-06.

Commonwealth Games cultural program

The City of Melbourne supported the official Melbourne 2006 Commonwealth Games cultural program, *Festival Melbourne 2006*. The program brought together performers and artists from around the globe for a three-week celebration of arts and culture. Most festival events were free.

Our Commonwealth Games report is on page 44.

Support for emerging artists

The City of Melbourne signed a contract with the Victorian Government to manage the Meat Market in North Melbourne. The Meat Market will operate as a creative development centre for emerging artists.

A Creative Space website database project was launched in 2005-06. Co-funded by Arts Victoria, this new website will help artists find suitable locations for their Melbourne-based arts events or projects.

Arts investment

The City of Melbourne's arts grant and triennial partnerships programs invested more than $3 million in financial support in 2005-06. More than 5,500 artists, in a variety of disciplines, received our support. The City of Melbourne funded 32 major cultural organisations to work with us on exciting and challenging art activities, and 103 cultural events and activities were also funded.

Public art program

New laneway commissions were finalised in 2006, with six artworks from local and international artists selected for presentation in city lanes between June and December 2006.

New major commissions included work at Piazza Italia at Argyle Square; *The Travellers* at Sandridge Bridge; and *Common Ground, A Commemorative Place* at Birrarung Wilam (adjacent to ArtPlay), produced in partnership with the Victorian Government's Department of Victorian Communities.

Melbourne Town Hall Organ

This year, the Town Hall Grand Organ hosted 12 performances, including solo organ concerts, organ and orchestra concerts, a holiday program for children and a live improvised silent film accompaniment (part of the Melbourne International Film Festival). The Melbourne Town Hall Grand Organ Museum was opened in July 2005.

Melbourne Conversations

Melbourne Conversations is the City of Melbourne's program of free talks exploring popular ideas and issues for all Melburnians. Melbourne Conversations contribute to our lively and diverse civic culture, our intellectual life and make the most of our free, accessible city venues. Presentations in 2005-06 included: 'Documentary is better than sex!'; 'Thinking Games 2: Law and justice – legal but just?'; and 'Unravelling Melbourne style: peacocks or basic black?'.

Code of practice for galleries and retailers of Indigenous art

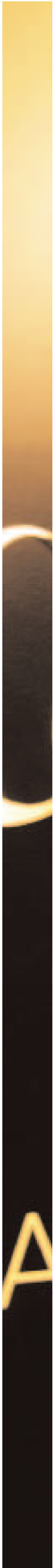
The City of Melbourne adopted a code of practice for galleries and retailers of Indigenous art.

The code is an Australian first, and will guide City of Melbourne-based galleries and retailers in appropriate ways to sell and display Indigenous art. The code will also guide galleries and retailers in how to conduct their dealings with Indigenous artists. The code is a developed statement of principles to set a standard of acceptable industry practice and fair dealing.

The code was developed to:

- promote ethical practice in the sale of Indigenous arts products and services by City of Melbourne-based commercial and public galleries and retail outlets by encouraging the sale of authentic Indigenous products and services;
- promote fair and respectful relationships; and
- promote the sale of Victorian Indigenous artists' products and services.

The code is voluntary for Melbourne galleries and retailers of Indigenous art.



Disappointment

The City of Melbourne made a commitment to prepare a social inclusion framework by 30 June 2006. The framework was not completed by this date. Through extensive consultation conducted in 2005-06, the concept evolved to include new initiatives to strengthen our relationship with our community. We are now also working to ensure the framework will be aligned with Victorian Government policy.

The completed framework will guide the organisation in planning services for members of the community who are at risk of becoming marginalised. The framework will also cover all services offered to at risk groups, and will create new opportunities for at-risk people to participate in community life.

The City of Melbourne is committed to the development of this framework and will continue to work with Victorian and Commonwealth government agencies to ensure that Melbourne remains 'an inclusive and engaging city'.

Looking ahead

Our *Graffiti Management Plan* will be implemented in 2006-07, including a twice-yearly audit of major pedestrian routes within the municipality and the removal of 25,000m^2 of graffiti from non-public assets.

The City of Melbourne aims to finalise and adopt a reconciliation action plan in 2006-07. This plan will guide the City of Melbourne in its actions towards advancing Indigenous reconciliation.

Signal will be a new arts centre for young people (aged 13 to 18), hosted in a rail signal box on the north bank of the Yarra River. Damaged by fire, the building needs significant refurbishments before this project can open its doors to Melbourne's youth. Signal's outdoor youth arts program is scheduled to begin in late 2006, and the centre is scheduled to open in June 2007.

The Commonwealth Games brought many opportunities to our city, and the City of Melbourne will continue to make the most of these. Beyond the Games, we will continue to explore the possibility of a strategic alliance between Melbourne and New Delhi (Games hosts in 2010). Such an alliance would generate new opportunities for business development, cultural exchanges and sporting events in both cities.

Our experience of preparing for and hosting this major event means we are now in a great position to share our knowledge with other cities planning for similar major international sporting events. In 2006-07, we will work to develop new relationships and create new business opportunities with cities bidding for the 2014 Commonwealth Games: Glasgow; Abuja; and Halifax.

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STRATEGIC OBJECTIVE

4 Environmentally responsible city

An environmentally responsible city is a city that actively increases and improves its natural assets through sustainable decision making and demonstrating environmental leadership.

Financial performance

	Expenditure	Revenue
Planned ($ million)	19.8	0.9
Actual ($ million)	19.6	1.0
Variance ($ million)	0.2	0.1
% of budget	99 per cent	107 per cent

This chart shows the amount we spent (expenditure) and the amount we earned (revenue) in achieving the activities within this strategic objective.

To achieve our strategic objective of an environmentally responsible city, our activities focus on:

- **reduced greenhouse gas emissions;**
- **efficient resource use and waste reduction;**
- **demonstrating environmental leadership;**
- **street cleaning and waste management; and**
- **sustainable environmental management.**

Achievements

Community activities

Community activities encourage, support and increase environmentally friendly behaviour in our municipality. In 2005-06, our community activities included:

- the first **Green Leaflet** environmental newsletter was distributed in February 2006. More than 770 residents and interested parties subscribed, including 200 requesting an email version of the newsletter;
- **Sustainability Street** is a training and community capacity building program designed to nurture sustainable living in households and neighbourhoods. In 2005-06, the North Melbourne Sustainability Street group attended a 'greenhouse forum'. Two new groups were recruited and will start the program in 2006-07;
- we conducted a **Water Survey** to identify community attitudes on water conservation and water quality. We received 686 responses from the 6,000 surveys we sent out. Survey responses will be used to develop new water conservation programs in our community;
- our **Savings in the City** program measured water and energy consumption and waste sent to landfill at 25 city hotels (representing 13 per cent of hotels and serviced apartments in the municipality). Participating hotels are expected to reduce their waste to landfill by as much as 31 per cent, and could increase their recycling volumes by as much as 62 per cent through this program;
- **Sustainable Practices in Food Businesses** was a pilot program involving 20 small to medium sized food businesses in the central business district. Businesses were audited on their waste management, water and energy use, and improvement opportunities were identified. Estimated costs and cost benefits from improvements were also presented to businesses. The successful pilot program helped us identify the issues of most importance to food businesses in the city and identified the areas we can best improve on. These will be continued, and expanded upon, in 2006-07.
- **Butt Free Business** was launched in 2005-06. This program tackles cigarette butt litter outside office buildings. An interactive 'tool kit' is available to participating businesses, to help them manage butt litter outside their buildings. The City of Melbourne is now working with 12 businesses in managing butt litter.

Water

Total Watermark

Total Watermark is the City of Melbourne's water management strategy. The strategy includes approaches for managing water consumption, stormwater, wastewater and groundwater. Actions revolve around community education, planning and infrastructure improvement. *Total Watermark* has a target of 12 per cent absolute reduction in annual water use by 2020.

Royal Park Wetlands

The City of Melbourne completed the new Royal Park Wetlands project in 2005-06. The urban wetlands have been designed to treat stormwater run-off from the roads, rooftops and gutters of the surrounding suburbs. Called Trin Warran Tam-boore, the wetlands are also a new habitat for native wildlife.

Water filtered by the wetlands runs through an underground pipe to a storage pond with a capacity of around 20 megalitres. This pond stores recycled water for use in irrigating surrounding sports fields and parkland. The wetlands also cleans stormwater before it reaches Port Phillip Bay.

This $5 million project was developed in partnership with Melbourne Water and was funded by the Victorian Government as part of the Commonwealth Games Environment Program.

Organisation water use

Consumption	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Water Used (ML)	1,686	1,448	1,310	1,658	1,345	1,330	1,456
Percentage Change (From Base Year)		-14.1%	-22.3%	-1.6%	-20.2%	-21.1%	-13.6%
Percentage Change (From Previous Year)		-14.1%	-9.5%	26.6%	-18.9%	-1.1%	9.5%

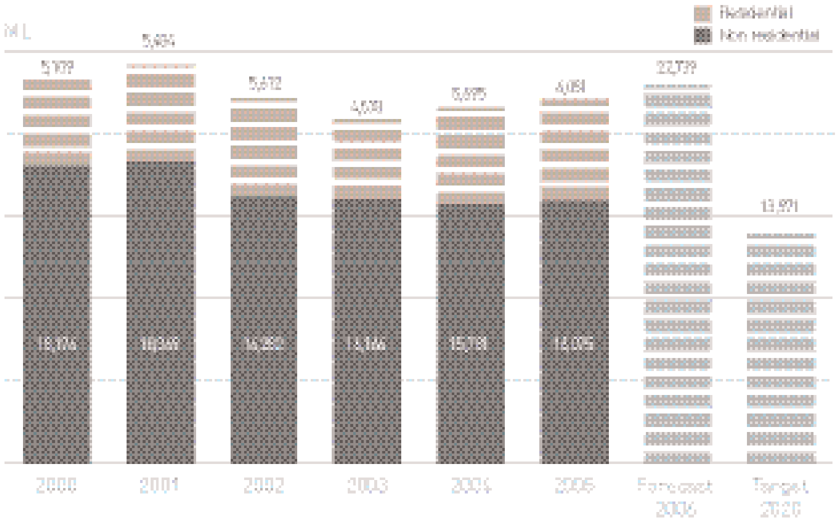
Source: City West Water and South East Water billing data.

Despite a 9.5 per cent increase from 2004-05 (due largely to below average rainfall), water management strategies within *Total Watermark* assisted in maintaining a reduction in corporate water consumption by 13.6 per cent on 1999 (base year) usage.

Municipal water use

The municipality consumed 22,126 megalitres of potable water in 2004-05, a five per cent decrease from the base year (1999-2000) level.

Residential and non-residential water consumption (ML) compared with 2010 target



Source: City Index 2005, City of Melbourne publication

Total water consumption in the whole municipality increased approximately three per cent in 2004-05, with residential water use increasing 6.2 per cent, an 18.4 per cent increase on base year levels. Our growing residential population has increased water use in the municipality. Non-residential water use increased by 1.8 per cent and decreased 11.6 per cent on base year levels.

South East Water has profiled daily residential water use per capita for the City of Melbourne. According to this data, our residents used 157 litres/day/person in 2004-05, a substantial decrease on 2000-01 usage, when it was 196 litres/day/person. To date, the 2005-06 year demonstrates water usage has reduced to 143 litres/day/person.

Figures for 2005-06 were not available at time of publication.

Water sensitive urban design

In April 2005, the City of Melbourne adopted the principles of water sensitive urban design. These principles are now being applied to all City of Melbourne-managed infrastructure, facilities, and open spaces.

The City of Melbourne has been active in informing and educating the community about water sensitive urban design, and developed guidelines to help staff, developers and the broader community apply the principles in their own building and landscape designs.

In 2005-06, our water sensitive urban design principles were used in the design of new street tree plantings in Little Bourke Street. Stormwater is captured to help the trees grow, before filtering through the soil and flowing into our waterways in a cleaner condition. The guidelines were published in October 2005.

Lower Yarra Litter Strategy

Water quality in the lower Yarra River was in the spotlight in 2005-06. A *Lower Yarra Litter Strategy* was formed as a new venture to reduce litter loads in the lower Yarra River and to develop long-term strategies to improve the overall water quality in the Yarra catchment. The project is a partnership between Melbourne Water, Sustainability Victoria, and the cities of Stonnington, Boroondara, Yarra and Melbourne.

The City of Melbourne agreed to support:

- a litter prevention campaign encouraging local retailers to keep new trees tidy in their areas;
- the inclusion of litter considerations in our Queen Victoria Markets stormwater management project; and
- assessment of ways to improve the maintenance of gross pollutant traps and their performance in preventing litter from reaching the Yarra River and Port Phillip Bay.

Biodiversity

Royal Park has been designed as native bushland, and the park contains interesting remnants of the area's indigenous vegetation. The City of Melbourne supports biodiversity in Royal Park through community planting days. More than 1,200 people attended 27 tree-planting days held during the year, with more than 10,000 native trees and shrubs planted across 9,000m^2 of parkland.

A survey of the regionally significant White's Skink population was conducted in Royal Park in 2005-06. Results of the survey showed the skink population is stable.

A clean city

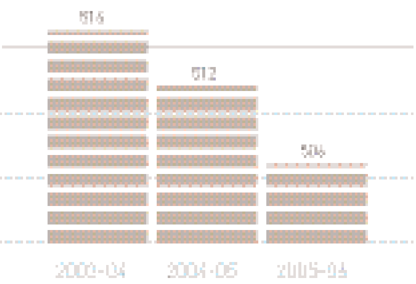
Waste management strategy

A new *Waste Management Strategy* was endorsed by the Melbourne City Council in November 2005. This document is the organisation's long-term plan for sustainable waste management.

The plan recommends actions to improve waste management in Melbourne, such as:

- assessing the benefits of a central business district waste and recycling service, exploring whether this would improve street bin storage within the city and reduce truck activity;
- seeking a better solution for garbage than simply sending it to landfill;
- more support, services and education for business (the sector that produces the most waste across the municipality); and
- support for apartment dwellers to help them better manage waste in a challenging environment, including investigating the option of larger, communal bins and encouraging the provision of more recycling facilities in new high-rise buildings.

Residential waste to landfill



Source: City of Melbourne and contractor data

City of Melbourne households again disposed of less waste to landfill in 2005-06, a pleasing result demonstrating the success of our co-mingled recycling service, introduced in 2004-05. Households disposed of 506kg of waste to landfill in 2005-06, compared with 512kg in 2004-05.

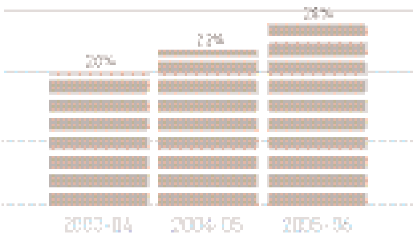
Commonwealth Games

The Commonwealth Games attracted an estimated 1.9 million visitors to enjoy live cultural entertainment and be part of the Games experience.

Waste and recycling services provided by the City of Melbourne in Alexandra Gardens, Birrarung Marr and other major public domain areas were a highlight of the City of Melbourne's involvement with the Commonwealth Games. As well as achieving a clean and litter free environment, more than 80 per cent of waste (by volume) from these areas was recycled, setting a new benchmark for managing events.

The City of Melbourne continued its program of improving access to recycling in the city and open spaces in preparation for the Games. We now have 211 public place recycling bins permanently installed in the central business district and city parks, providing an environmental legacy from the Commonwealth Games for the growing number of visitors to our city.

Diversion of municipal waste for recycling



Source: City of Melbourne and contractor data

Diversion of municipal waste means the proportion of total municipal waste that is recovered for recycling. The amount of waste diverted to recycling improved again in 2005-06, up two per cent on 2004-05 figures, and four per cent on 2003-04 figures.

Greenhouse gas emissions

New targets for the organisation

The City of Melbourne's *Zero Net Emissions Strategy* set targets for the reduction of the organisation's and the city's greenhouse gas emissions, with the ultimate goal of zero net emissions by 2020.

The strategy set milestone targets leading up to 2020, and by 2010 we were expected to have achieved:

- a 20 per cent reduction of emissions from the municipality, based on 1996 levels; and
- a 30 per cent reduction of emissions from the City of Melbourne's operations, based on 1996 levels.

In 2005-06, the City of Melbourne was already close to achieving its operational (organisation-only) target of a 30 per cent reduction, four years early. In response, the Melbourne City Council's Environment Committee agreed to increase our short-term operational target to a 50 per cent reduction in emissions by 2010.

Sustainable lighting

Public lighting generates more than half the greenhouse gases produced by the organisation. Our *Sustainable Public Lighting Action Plan 2005-2010* addresses this issue with measures to help us reduce the environmental impact of public lighting. The plan sets a target of reducing greenhouse gas emissions from public lighting by 34 per cent by 2007. Measures recommended in the plan include:

- testing new energy efficient lighting technology;
- improving the management of public lighting;
- identifying inefficiencies in the public lighting network; and
- increasing the amount of renewable energy purchased to 50 per cent by 2010.

The Melbourne City Council's Planning and Environment Committee endorsed the plan in August 2005, with many of the recommended measures now in progress, including installation energy-efficient light fittings in city laneways and at the newly-completed Sandridge Bridge.

Organisational energy use

This table gives a breakdown of total energy use at the City of Melbourne from 1999-2000 to 2005-2006.

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Energy used (GJ)	66,117	97,053	108,695	101,364	101,342	108,076	102,070
Percentage change (from base year)		46.8%	64.4%	53.3%	53.3%	63.5%	54.4%
Percentage change (from previous year)		46.8%	12.0%	-6.7%	0%	6.6%	-5.6%

Disappointments

In 2005-06, the City of Melbourne explored the use of distributed energy generation in various projects around the city. Distributed energy generation is the generation of localised electricity through renewable energy systems such as solar panels, or through gas-powered co-generation plants (such as using gas to create heat for the building while also generating electricity). Our research found several institutional and commercial barriers limiting our ability to take advantage of distributed energy generation. We will continue to monitor the possibility of using this option in the future, and will work with relevant agencies to overcome existing barriers to our use of this energy-efficient power generation option.

Community Power is a not-for-profit renewable-energy purchasing group supported by the City of Melbourne and other local councils in providing affordable green energy. Now in its second year, more than 1,500 customers joined the program in 2005-06. However, only 13 of these were City of Melbourne residents. A promotional campaign to increase residential membership has been planned for 2006-07. We will also work to ensure better performance from the energy provider.

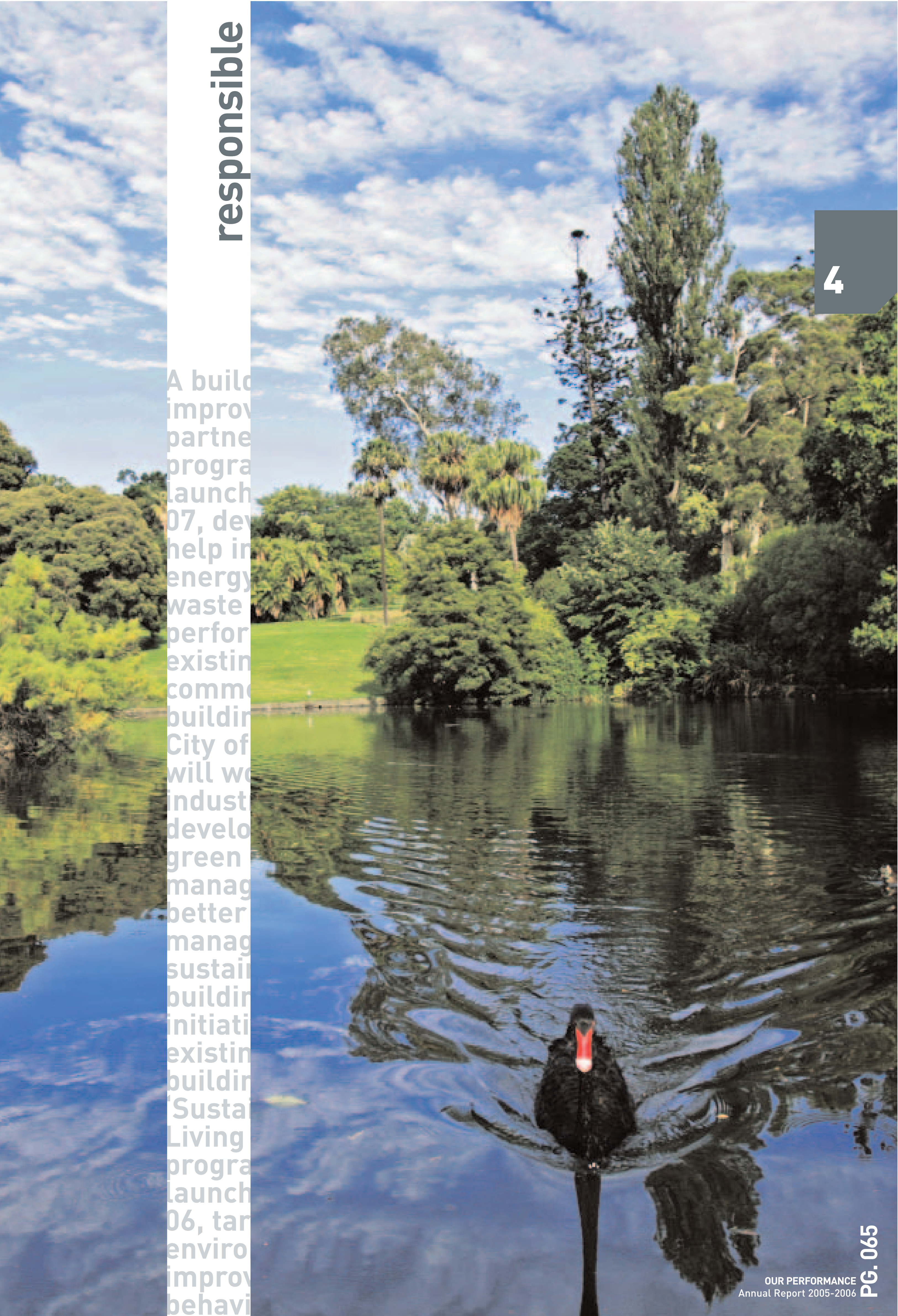
Looking ahead

A draft *Greenhouse Action Plan 2006-2010* will be finalised in 2006-07, setting out our new, ambitious organisational greenhouse gas emission targets. The plan will include strategies for increasing energy efficiency in buildings and streetlights and will recommend the establishment an offsets program to neutralise any residual emissions. Fleet management initiatives are also included in the plan.

A building improvement partnership program will be launched in 2006-07, developed to help improve the energy, water and waste performance of existing commercial office buildings. The City of Melbourne will work with the industry to develop tools for green building management and better management of sustainable building initiatives in existing city buildings.

Our Sustainable Living in the City program was launched in 2005-06, targeting environmental improvement and behavioural change in high-rise residential buildings. Residents in four buildings have now joined this program. We are planning a series of educational workshops and low-level building retrofits for participating residents.

A report on the feasibility of a City of Melbourne-managed waste and recycling service in the central business district will be completed in November 2006. This new service could improve current problems with city bin storage, low levels of city centre recycling and the high numbers of trucks involved with rubbish removal.



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STRATEGIC OBJECTIVE

5 Well-managed and leading corporation

A well-managed and leading corporation delivers effective and accountable governance and business processes and ensures that the corporation is widely recognised for its high-calibre staff, processes and products and its interactions with key stakeholders.

Financial performance

	Expenditure	Revenue
Planned ($ million)	53.1	11.9
Actual ($ million)	51.9	12.1
Variance ($ million)	1.2	0.2
% of budget	98 per cent	101 per cent

This chart shows the amount we spent (expenditure) and the amount we earned (revenue) in achieving the activities within this strategic objective.

To achieve our strategic objective of a well-managed and leading corporation, our activities focus on:

- our role as an expert and high-performing corporation;
- corporate communication;
- human resources;
- legal, governance and corporate support;
- organisational development;
- property and asset management; and
- technology management.

Achievements

Leadership development program

Leadership at the City of Melbourne was a focus of 2005-06, with the launch of our new leadership development program, Altitude. Staff with leadership potential were recruited to participate in a series of leadership-skill development workshops and activities. Altitude also supports newly appointed leaders and executives with coaching, guidance and feedback sessions.

A culture survey was completed in October 2005. The results of this survey have been used in the development of the City of Melbourne's leadership development program.

Customer relationship management

The City of Melbourne launched a new customer relationship management system in October 2005. Our new system brings all areas of customer service into a centralised database. Many thousands of individual entries were reclassified into our new streamlined system of categories. Now the organisation can readily access information about our services, making it easier to provide accurate and current information. The new system also allows us to collect data on common queries and issues, helping us tailor our services to suit customer needs.

The new system:

- improves our efficiency with better business processes;
- has reorganised service delivery based on customer needs;
- improves our relationship with customers by helping us track trends in needs and preferences; and
- helps us manage key influencers and other stakeholders for maximum political, operational and community benefit.

This project was developed as part of the City of Melbourne's *Customer Service Strategy*. All staff received training in the new system, and each branch has a 'power user' trained to help answer questions on using the new system.

This project was completed on time and within budget.

Permit application system

The City of Melbourne's planning and building permit application system was upgraded in 2005-06. The new system was developed to speed up the processing of permits, and to allow more efficiency in managing applications. (At the moment, more than 5,000 applications and investigations are processed each year.)

The improved computer-based system automatically prompts staff to perform each task involved in processing an application. Most of the information involved in processing applications and investigations is now recorded electronically, creating a flexible approach to document searches and better access to data. Changes to the electronic filing system mean more than one person can search applications at the same time, impossible when using a paper filing system.

These improvements will also allow customers to access more information online. Ultimately, the City of Melbourne plans to make all planning application documents available online, including plans, reports and attachments.

In addition, our records of performance will now be more comprehensive, improving management in these areas.

The new system, known as COMPAS2, was launched in November 2005.

Heritage precincts and policy

The City of Melbourne is working to improve its management of heritage precincts through the planning permit system.

A study of heritage policy was completed in 2005-06. Consultation with Heritage Victoria, the Heritage Advisory Committee, councillors and planning staff was also conducted as part of this review.

The study identified areas for improvement, including the need for:

- a new 'statement of significance' for all of Melbourne's heritage precincts;
- development of a new local policy to apply to heritage precincts; and
- the creation of new performance standards to guide decision making for Melbourne's heritage precincts.

Annual report 2004-05

The *City of Melbourne Annual Report 2004-05* was confirmed as a best practice report when it received a gold award at the Australasian Reporting Awards in June 2006. The report, which included detailed sustainability reporting, was also judged the best overall report at the Municipal Association of Victoria's annual report awards. The report was completed on time and under budget.

Best Value

The City of Melbourne's Best Value program of service reviews was completed as required under the *Local Government Act* (1989). We completed 86 reviews of internal and contracted services, a more ambitious program than most other local councils. Two reports were presented to the Victorian Government's Service Improvement Review Panel after December 2005.

Work Life survey

A staff survey was conducted in April and May 2006. The survey asked:

- why staff were attracted to a career at the City of Melbourne;
- how satisfied staff were with working life at the City of Melbourne;
- reasons why our people may leave the organisation; and
- reasons why our people choose to stay.

The survey results will help the organisation identify the needs of staff, particularly staff from non-English speaking backgrounds, staff with disabilities, women, older and younger staff and staff with family care responsibilities.

The survey had a participation rate of 57 per cent (more than 660 staff), making it an accurate representation of staff attitudes.

The survey showed that staff are most satisfied with: employee benefits; office locations; job security; and the City of Melbourne as a good all-round employer.

Staff were least satisfied with the organisation's recognition system and promotional/career opportunities.

The next step will be the development of a program that supports our successes and improves performance in other areas.

Inner Melbourne Action Plan

In April 2006, the cities of Melbourne, Port Phillip, Stonnington and Yarra launched the *Inner Melbourne Action Plan*, in association with VicUrban and the Victorian Government.

This document was prepared collaboratively to provide a regional approach to implementing *Melbourne 2030*, the Victorian Government's 30-year planning strategy for metropolitan Melbourne.

The *Inner Melbourne Action Plan* includes guidelines for future growth and development to help make the area more vibrant, liveable, accessible and creative.

An *Inner Melbourne Action Plan* Implementation Committee has been established to oversee the completion of the plan.

Corporate values

Following the development of new corporate values for the organisation, the City of Melbourne has been working to ensure the values become a part of the way we work together and with others.

Our four values: integrity; respect; excellence; and courage have been incorporated into the City of Melbourne's standards and expectations for employees. Corporate values measurements have been introduced into staff performance reviews, identifying behaviours that do and do not support the values. Staff must demonstrate their support for our values (as well as their allocated tasks for the year) before they qualify for an annual pay increase.

The City of Melbourne's values have also been incorporated into our recruitment tools including: position descriptions; job advertisements; our 'careers online' web pages; and interview question recommendations for our recruitment agencies.

Enterprise agreement

In 2005, the City of Melbourne successfully negotiated the *Melbourne City Council Enterprise Agreement* (2005). This agreement was developed following extensive consultation with staff and unions, including the Association of Professional Engineers, Scientists and Managers, Australia; the Australian Municipal, Administrative, Clerical and Services Union; and the Australian Nursing Federation.

The agreement covers awards, superannuation, education assistance, dispute resolution processes, transport, leave, accommodation, occupational health and safety and many other aspects of working life.

Employees voted to accept the terms of the agreement. The votes received were made up of 551 'yes' votes, eight 'no' votes and five informal votes.

The agreement was ratified by the Industrial Relations Commission in November 2005.

Leap into Life

Leap into Life is a free program for staff promoting a healthy balance between work and life, and helping staff make healthy choices. In 2005-06, 15 Leap into Life events attracted 1,237 staff, (including multiple attendances). Last year, 12 events attracted 1,141 staff (including multiple attendances).

Our Leap into Life program is highly regarded by staff, with 93 per cent of participants reporting the events were beneficial.

Corporate advertising

Our regular 'corporate ad' appeared once a fortnight in two city newspapers. This ad includes information about events, forums, consultations, initiatives and services supported by the City of Melbourne. Each fortnight, 400,000 readers were reached.

Excellence and innovation

The City of Melbourne received acknowledgement and/or awards for excellence and innovation in the delivery of services and projects.

Award	Awarded for	Awarded by
SunSmart Shade Awards	The City of Melbourne received awards in three categories: • best practice shade initiatives in Victorian communities and best shade structure/design in metropolitan Melbourne, for shade provision at the ArtPlay playground; and • the Victorian local government shade award for best overall shade initiative (joint winner). We were also highly commended in the 'best shade strategy' category, for prioritising shade provision at a policy and strategic level.	Cancer Council of Victoria (supported by the Victorian Health Promotion Foundation)
Gold award in best practice reporting	*City of Melbourne Annual Report 2004-05*. The report was also short-listed in the sustainability reporting category.	Australasian Reporting Awards
Best overall annual report	*City of Melbourne Annual Report 2004-05*. The report also won in categories including best summary and best reporting on performance.	Municipal Association of Victoria
2005 Australian urban design award – equal first	*Pedestrian and Traffic Study – Melbourne CBD*. The study was conducted by Coomes Consulting on behalf of the City of Melbourne.	Urban Design Task Force and Better Cities
2006 Eco-Buy award for excellence	The City of Melbourne's CH_2 building received awards in three categories. • Greenhouse Expenditure Award for purchasing of greenhouse-friendly products; • Recycled Expenditure Award for using recycled content construction products; and • the Hey Big Spender Award for the largest per capita expenditure on green products.	Eco-Buy – part of the Municipal Association of Victoria
Award for excellence – special projects initiative	CH_2	LG Pro (Victorian peak body for local government professionals)
Australia award for urban design	*Places for People 2004*, presented to the City of Melbourne and Gehl Architects.	Planning Institute of Australia, the Royal Australian Institute of Architects and the Australian Institute of Landscape Architects
Award for excellence for research and communication in landscape architecture	*Places for People 2004*, presented to the City of Melbourne and Gehl Architects.	Australian Institute of Landscape Architects (Victoria)
Research award	*Places for People 2004*, presented to the City of Melbourne and Gehl Architects	Environmental Design Research Association, USA
Excellence in construction – specialist subcontractor	Piazza Italia	Master Builder's Association
Certificate of merit	Safe City Cameras Program for outstanding operations of our street-based closed circuit television program.	Australian Crime and Violence Prevention Awards 2005

Our stakeholders

The City of Melbourne believes that the longer-term sustainability of our business is dependent on establishing policies and practices that meet the changing needs of our stakeholders. Our organisational structure, and the programs and services we deliver, are focused on connecting with, supporting, and responding to our stakeholders.

Who are our stakeholders?

City of Melbourne stakeholders include: our ratepayers, employees, customers, suppliers, subsidiary companies, businesses, the broader community, all levels of government and other stakeholders such as business partners, educational institutions, regulatory bodies, trade unions, non-government organisations and the media. (A detailed list of our stakeholders appears on page 24.)

At all levels of the organisation, councillors, management and staff are involved in identifying and approaching individuals, groups and organisations with interests in our activities.

We have developed an extensive stakeholder database that helps us identify key stakeholders by location, areas of interest or industry.

Subsidiaries and joint ventures

The City of Melbourne has three wholly owned subsidiaries:

- CityWide Service Solutions Pty Ltd, a company established to provide contract services on a competitive basis to local government and other public and private sector clients;
- the Queen Victoria Market Pty Ltd, a company established to manage and develop the Queen Victoria Market. The Queen Victoria Market is located in the Melbourne central business district and has been operated by the City of Melbourne or the company for 128 years; and
- the Melbourne Wholesale Fish Market Pty Ltd is a company established to manage and develop the operation of the wholesale fish market activities. The company has a landlord role at the market. The trading of fish is carried out by the tenants.

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

- the Sustainable Melbourne Fund (100 per cent owned by the City of Melbourne), a strategic trust established to support and promote sustainable development;
- the Yarra Melbourne Regional Library Corporation, a corporation operating under the *Local Government Act* (1989). The cities of Yarra and Melbourne provide library services to their communities through this corporation. Melbourne City Council resolved to withdraw from this corporation on 30 June 2007;
- the City Library is a joint venture between CAE (40 per cent) and the City of Melbourne (60 per cent), through which library services are provided in the central business district; and
- the Regent Management Company Limited. The City of Melbourne has a 50 per cent interest in this company, established to manage the historic Regent Theatre in Collins Street, Melbourne.

Consultants – our partners in excellence

The City of Melbourne works with consultants when expert or specialised advice is needed. We use consultants on many special projects, as well as in our daily business.

Consultant guidelines assist the organisation in making decisions about when a consultant can or should be engaged, and the processes that must be followed in the selection of a consultant.

If a consultant is required for a one-off project, a tender or quotation process will be followed to ensure we select only consultants who are qualified, appropriate and cost-efficient.

Where the City of Melbourne does not offer a regular service in-house (such as the printing of publications), approved consultants become part of a ‘panel’, and all work in that category must be directed to a member of the panel. Approved consultants must satisfy strict quality and cost controls before they are accepted onto a City of Melbourne panel.

In 2005-06, the City of Melbourne used the expertise of consultants for many projects, including:

- water sensitive urban design staff-training sessions;
- a review of our kerbside café code, planning and design guidelines for café owners and developers;
- consultation with buskers on a proposed new busking policy;
- the conducting of formal market valuations of street trading assets including fruit and flower kiosks; newspaper kiosks and pillars; ticket booths; and food van sites;
- developing programs to support businesses in managing cigarette butt waste outside their premises;
- advice on improvements to Princes Bridge as part of our 2005-06 capital works program; and
- a review of the City of Melbourne’s precinct marketing program.

Ways to have your say

The City of Melbourne encourages communication and collaboration with all our stakeholders. Here are some of the ways our stakeholders have their say.

Council and committee meetings

The City of Melbourne has approximately 60 council and committee meetings each year. Open meetings are accessible to all, with a hearing/audio loop and disabled access available.

The Melbourne City Council welcomes and encourages members of the public to attend and participate in council and committee meetings.

Public submissions and addresses

Members of the public may make submissions to the council or a committee on any matter(s) listed on an agenda.

A register of public submissions made under S223 of the *Local Government Act* (1989) is available for viewing at the Council Secretariat offices at the City of Melbourne.

In council meetings, any written documentation is generally dealt with as an ‘item of correspondence’, with a reference made to the relevant agenda item.

Verbal submissions are also accepted. Any person may submit a request to address a committee on an item listed on the agenda.

Public consultations

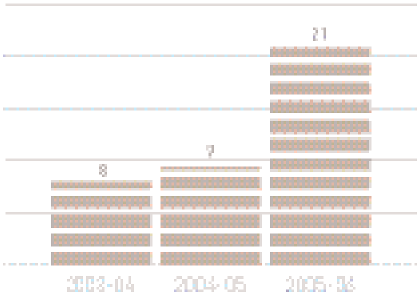
The City of Melbourne consults with the public on the development of, or changes to, significant policies, programs and services. Public consultations are designed to collect opinions and information about how the City of Melbourne can improve its services and program delivery. Major public consultations are advertised in newspapers, *Melbourne News* (our resident newsletter), and on our corporate website.

The City of Melbourne generally consults with the public on its policies and strategies by publishing them in draft form, with an invitation for written or online comments from the public. The public submit comments, and these are considered in the development of the final version of the strategy or policy.

We held 21 major public consultations in 2005-06, including:

- Busking Survey;
- Southbank Plan and Southbank 3006 Study;
- Open Space Strategy;
- 2006-2007 Annual Plan and Budget;
- Community Water Survey;
- Carlton Parking and Access Strategy;
- East Melbourne Community Consultation;
- Draft Noise and Vibration Guidelines;
- Residential 3 Zone;
- Kerbside Café Code review;
- Planning Scheme Amendment C105 – CBD Laneways Review;
- North Melbourne Recreation Reserve;
- Melbourne City Tourist Shuttle;
- Southbank Boulevard Linear Park;
- Melbourne Transport Strategy;
- Draft Construction Management Plan guidelines;
- Draft CityHealth Plan 2005-2009;
- Draft Street Furniture Plan 2005-2010;
- Draft Inner Region Housing Statement;
- Draft Inner Melbourne Action Plan; and
- Planning amendment C96 – West Melbourne height review.

Number of public consultations per year



Source: Internal data.

The City of Melbourne has improved its data collection processes for identifying public consultations in 2005-06, leading to an increase in the recorded number of consultations this year. However, 2005-06 was generally a busy year for consultations with many major projects in the early planning or final stages.

Public forums

The City of Melbourne also holds public forums to gauge opinion, share ideas and discuss future plans. Community forums give all interested parties a chance to voice their opinions.

In 2005-06, the City of Melbourne held six community forums. In 2004-05, one forum was held.

Working Together for Melbourne forums

Four *Working Together for Melbourne* forums were held in 2005-06. Each forum focused on a different area within the municipality. The public was invited to submit topics of interest and questions before the forums, and councillors, directors and senior staff were available to answer questions at each forum.

Issues discussed at the forums included transport and traffic management, heritage, parking, child care services, graffiti, noise and rubbish collection. The forums were well-received with as many as 50 community members attending.

The forums were also an opportunity for the City of Melbourne to pass on information about our activities such as local area projects and relevant public consultations. Records of meetings are available on the City of Melbourne website.

This program is being reviewed and 2006-07 forums are being considered.

Governance report

Governance encompasses the processes, protocols, conduct and relationships involved in decision making and actions from decisions. Governance includes the manner in which we include and work with our stakeholders in the decision making process, and how we measure our performance.

These are the main aspects of governance. Under the governance banner sit important mechanisms that guide our actions as a local government. Some mechanisms are legislative requirements and others are City of Melbourne initiatives.

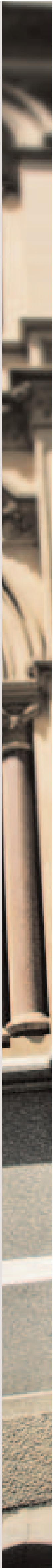
In this section, you will find information on our performance in areas including:

- **council and councillor information;**
- **legislative compliance;**
- **risk; and**
- **audit operations.**

Want to know more?

For more information about any governance issue, or for access to documents or registers mentioned in this report, contact the City of Melbourne's Governance Services Branch on 9658 9173 or visit our website: **www.melbourne.vic.gov.au**

To access some City of Melbourne registers or documents you will need to submit a written application.



Good governance charter

Effective governance can only be achieved when good working relationships exist between councillors and management. A good working relationship involves all parties understanding what they need to do, and how and when they need to do it. The City of Melbourne's commitment to good governance principles was confirmed with the signing of a *Good Governance Charter* in November 2005.

The charter draws on the City of Melbourne's *Councillor Code of Conduct* and the Victorian Government's *Local Government Act* (1989) in defining the roles, responsibilities and expected standards for councillors and the organisation. Eight good governance principles are included in the charter, merging the City of Melbourne's corporate values with our working methods and processes.

The charter was signed by the Melbourne City Council and the chief executive on behalf of all City of Melbourne staff.

Councillor conduct

In accordance with the *Local Government Act* (1989), all councils are required to develop and approve a councillor code of conduct.

The City of Melbourne's *Councillor Code of Conduct* outlines the role of the council, and gives an overview of councillor responsibilities. The code provides guidelines on:

- rules of conduct;
- dispute resolution procedures;
- conflict of interest procedures;
- council decision making;
- use of City of Melbourne resources; and
- council elections and procedures during a caretaker period.

The code incorporates rules of conduct requiring that councillors:

- act honestly;
- exercise reasonable care and diligence;
- not make improper use of their position; and
- not make improper use of information acquired because of their position.

A councillor who fails to comply with the rules of conduct is guilty of an offence and may be penalised under the *Local Government Act* (1989).

The City of Melbourne's *Councillor Code of Conduct* also includes procedures for disclosure on interests and conflicts of interest that go beyond legislative requirements.

This code was adopted by the newly elected council in December 2004 and was reviewed in May 2005.

There were no known breaches of the code by councillors during the 2005-06 financial year.

Other policies and guidelines for councillors

As well as a *Good Governance Charter*, the City of Melbourne has various policies and guidelines for councillors, the organisation and their interaction. For example, all meetings of the council and its committees are conducted in accordance with the *Conduct of Meetings* local law.

All councillors were involved in information exchange sessions as part of the councillor induction process, including information on council policies and guidelines. All councillors were also involved in the development and review of our *Councillor Code of Conduct*. Regular councillor briefing sessions are also held on these issues.

Council meetings

The Melbourne City Council generally meets monthly, on the last Tuesday of the month, starting at 5.30pm. A schedule of meeting dates is available on notice boards at the Melbourne Town Hall, North Melbourne Library, East Melbourne Library, and Carlton Community Centre, as well as on the City of Melbourne website.

Council and committee meetings are open to the public, and the Melbourne City Council encourages members of the public to attend and view proceedings from the public gallery. The council may resolve to close any meeting to members of the public for the consideration of an item.

Committees

As well as the full council meeting, Melbourne City Council has seven committees that meet either monthly or every two months.

Role of committees

Committees have defined roles and responsibilities, and certain powers, duties and functions are delegated to each committee by the council. Each committee is made up of, and chaired by, councillors.

New committee structure

During 2005-06, the structure of our committees changed. The current committee structure was established in February 2006.

Under the new structure, with the exception of the lord mayor and the deputy lord mayor, each councillor chairs a committee. The deputy lord mayor acts as chair when the committee chair is absent, and the lord mayor acts as chair when the deputy lord mayor is also absent.

Business and International Relations Committee

Cr Fiona Snedden (Chair)

This committee considers matters including: business development; international relations; international marketing and trade; federal government partnerships; retail and hospitality; international conventions; and tourism. This committee meets every two months.

Community Services Committee

Cr David R Wilson (Chair)

This committee considers matters including: child, family, aged, youth, disabled and ethnic services; emergency management; housing; Indigenous affairs; libraries; recreation; safety and health; social policy; community and arts grants; culture; and place management. This committee meets monthly.

Docklands and Major Projects Committee

Cr Peter Clarke (Chair)

This committee considers matters including: Docklands governance, infrastructure and financial and community issues; and major projects within the municipality with a value greater than $10 million. This committee meets every two months.

Environment Committee

Cr Fraser Brindley (Chair)

This committee considers matters including: air quality; greenhouse emission reductions; the Sustainable Melbourne Fund; environmental issues and initiatives; waste management; water conservation; and parks and gardens planning. This committee meets every two months.

Finance and Governance Committee

Cr Brian Shanahan (Chair)

This committee considers matters including: the annual budget; council works program and the four-year financial plan; asset management; financial and control systems and reporting; investment and property; rates and valuations; subsidiary companies; continuous improvement; tender and contract policies; the council plan; information technology; auditing; governance; and councillor travel and expenses. This committee meets monthly.

Marketing and Events Committee

Cr Carl Jetter (Chair)

This committee considers matters including: conference/convention attraction; tourism; precinct improvements; city events; customer relations; corporate affairs and communication; sports; and the Commonwealth Games. This committee meets every two months.

Planning Committee

Cr Catherine Ng (Chair)

This committee considers matters including: CityPlan; heritage; statutory planning and building control; strategic planning; transport, traffic and parking planning; urban design; planning scheme amendments; street activities; infrastructure planning; activities local law; and noise. This committee meets monthly.

Previous committees

From July 2005 to March 2006, Melbourne City Council committees included:

Business and Marketing Committee

Councillor Fiona Snedden (Chair)
Councillor Carl Jetter (Deputy Chair)

Community and Culture Committee

Councillor David R Wilson (Chair)
Deputy Lord Mayor Gary Singer (Deputy Chair)

Finance and Corporate Performance Committee

Councillor Brian Shanahan (Chair)
Deputy Lord Mayor Gary Singer (Deputy Chair)

Planning and Environment Committee

Councillor Catherine Ng (Chair)
Councillor Fraser Brindley (Deputy Chair)

Melbourne City Council advisory committees

As well as committee meetings, councillors sit on Melbourne City Council (and other) advisory committees. Councillor membership of Melbourne City Council advisory committees is listed here. Please refer to individual councillor details on pages 12 to 15 for other advisory committee membership details.

Melbourne City Council advisory committees

Aboriginal Consultative Group Advises on Indigenous issues and protocols, and encourages the Indigenous community's participation in the civic life of the city.	Cr David R Wilson Deputy Lord Mayor Gary Singer
Audit Committee Provides independent and expert advice on internal control and related matters.	Lord Mayor John So Deputy Lord Mayor Gary Singer Cr Brian Shanahan
City Centre Executive – see Melbourne Retail Advisory Board.	N/A
City Safety Taskforce Advises on strategy, support and ideas for improved city safety.	Cr David R Wilson Cr Carl Jetter
Cultural Affairs Advisory Board Advises on cultural vitality and arts programs for the city.	Deputy Lord Mayor Gary Singer Cr David R Wilson
Disability Advisory Committee Advises on disability perspectives and experiences.	Cr David R Wilson Deputy Lord Mayor Gary Singer
Fawkner Park Master Plan Reference Committee Advises on the development of the Fawkner Park Master Plan.	Cr Fraser Brindley Deputy Lord Mayor Gary Singer
Heritage Advisory Committee Identifies and reviews heritage-related studies, programs and projects.	Cr Catherine Ng Cr Fraser Brindley
Melbourne International Flower and Garden Show Event Advisory Group Advises on improvements to the Melbourne International Flower and Garden Show and the South Carlton Gardens.	Cr Carl Jetter Cr Fiona Snedden
Melbourne Marketing Advisory Body A forum for the marketing of Melbourne.	Cr Fiona Snedden Cr Carl Jetter
Melbourne Moomba Waterfest Taskforce Oversees the direction and governance of the Melbourne Moomba Waterfest.	Cr Carl Jetter Cr Fiona Snedden
Melbourne Retail Advisory Board (formerly City Centre Executive) Advises on the achievement of commitments in *CityPlan 2010* that relate to the development of a world class retail experience for central Melbourne.	Cr Fiona Snedden Cr Carl Jetter
Melbourne Spring Fashion Week Advisory Committee Gives guidance and industry advice on the Melbourne Spring Fashion Week.	Cr Fiona Snedden
Melbourne Transport Committee Develops the Melbourne Transport Strategy.	Cr Catherine Ng Cr Fraser Brindley
New Year's Eve Taskforce Oversees the direction and governance of the City of Melbourne's New Year's Eve activities.	Cr Fiona Snedden Cr Carl Jetter
Osaka Cup Executive Group Focuses on the promotion and planning of the Melbourne-Osaka double-handed yacht race in 2007.	Cr Carl Jetter Cr Fiona Snedden
Precinct Advisory Committee Advises on the City of Melbourne's precinct enhancement program.	Cr Fiona Snedden Cr Carl Jetter
Public Art Committee Advises on public art commissions and opportunities.	Deputy Lord Mayor Gary Singer Cr David R Wilson
Royal Park Master Plan Implementation Advisory Committee Advises on planning associated with the City of Melbourne's Royal Park Master Plan.	Cr Fraser Brindley Cr David R Wilson

Melbourne City Council meeting attendance

	No. of meetings held	Lord Mayor John So	Deputy Lord Mayor Gary Singer	Cr Fraser Brindley	Cr Peter Clarke	Cr Carl Jetter	Cr Catherine Ng	Cr Brian Shanahan	Cr Fiona Snedden	Cr David R Wilson
15 March 2006 to 30 June 2006										
Council meetings										
Melbourne City Council	**3**	2	3	3	1	3	2	3	2	3
Committee meetings										
Business and International Relations	**1**	n/a	1	1	1	0	1	1	1	1
Community Services	**3**	n/a	3	3	3	3	2	2	3	3
Docklands and Major Projects	**1**	n/a	1	1	1	1	0	1	1	1
Environment	**1**	n/a	0	1	1	0	1	1	1	1
Finance and Governance	**5**	n/a	5	5	5	5	5	4	5	5
Marketing and Events	**2**	n/a	2	2	2	2	0	2	2	2
Planning	**4**	n/a	4	4	4	3	3	4	4	4
1 July 2005 to 14 March 2006										
Council meetings										
Melbourne City Council	**9**	8	9	7	9	9	5	7	8	8
Committee meetings										
Planning and Environment	**8**	n/a	6	7	6	7	5	8	7	7
Finance and Corporate Performance	**8**	n/a	7	8	7	7	4	8	8	7
Business and Marketing	**8**	n/a	6	7	8	7	5	7	7	8
Community and Culture	**6**	n/a	4	6	6	5	3	5	5	6

n/a - not applicable

Councillor allowances and expenses

Allowances

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

The allowances are:

Lord Mayor	$110,000
Deputy Lord Mayor	$45,000
Councillors	$25,000

Expenses

In carrying out their official duties, councillors incur expenses associated with: local, interstate and overseas travel and communication; attendance at conferences and functions; training and development; functions external to the Town Hall; and childcare. Expenditure is regulated by the *Councillor Expenses and Resources Guidelines* and is reported in detail every quarter on the City of Melbourne website.

This expenditure is necessary for the councillors to fulfil their role as representatives of Melbourne City Council.

Councillor expenses

	Lord Mayor John So	Deputy Lord Mayor Gary Singer	Cr Catherine Ng	Cr David Wilson
Conferences and functions	$0.00	$2,759.02	$570.00	$207.50
Training and development	$0.00	$0.00	$0.00	$0.00
Travel – local	$20.00	$610.68	$1,150.46	$1,073.63
Travel – interstate	$1,919.52	$4,198.02	$787.14	$0.00
Travel – overseas	$9,473.61	$16,427.93	$0.00	$0.00
Communication – local	$2,582.04	$5,424.01	$4,272.37	$1,714.78
Communication – interstate	$0.00	$0.00	$26.59	$0.00
Communication – overseas	$1,852.84	$343.18	$1,865.41	$0.00
Functions external to Town Hall	$0.00	$0.00	$832.69	$0.00
Child care	$0.00	$0.00	$0.00	$0.00
Total expenses	**$15,848.01**	**$29,762.84**	**$9,504.66**	**$2,995.91**

Cr Carl Jetter	Cr Fraser Brindley	Cr Brian Shanahan	Cr Fiona Snedden	Cr Peter Clarke
$2,356.56	$1,293.90	$1,162.73	$1,473.39	$109.09
$0.00	$0.00	$0.00	$700.00	$0.00
$9,452.48	$1,251.78	$1,485.88	$3,509.76	$96.00
$0.00	$0.00	$1,278.89	$621.72	$0.00
$7,347.59	$2,623.47	$7,112.60	$9,183.94	$0.00
$1,745.85	$1,484.68	$1,882.35	$2,567.59	$5,853.42
$0.00	$0.00	$0.00	$0.00	$0.00
$348.41	$0.00	$439.12	$185.47	$0.00
$949.87	$0.00	$0.00	$482.11	$304.32
$0.00	$0.00	$0.00	$7,633.22	$0.00
$22,200.76	**$6,653.83**	**$13,361.57**	**$26,357.20**	**$6,362.83**

Legislative compliance

Freedom of information

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

The City of Melbourne makes a great deal of information available to the public through the City of Melbourne corporate website, our publications and our Media Relations Branch.

Examples of information available include:

- councillors' quarterly expenses;
- corporate planning and budgetary results;
- details of travel by councillors and City of Melbourne officers;
- council grant recipients; and
- agendas and related papers including minutes for public meetings of the Melbourne City Council and its committees.

In 2005-06, the City of Melbourne received 51 valid applications under the *Freedom of Information Act* (1982). Requests for information have increased by 13.5 per cent on last year. Applications received in 2005-06 sought information on the City of Melbourne's activities and programs including:

- parking infringement notices;
- building and planning matters; and
- costs and activities of councillors and officers.

In 2005-06, one request was denied in full. Three requests for an internal review were received, with one of the original decisions upheld in full, one varied, and one varied following a decision by the Victorian and Civil Administrative Tribunal.

The City of Melbourne has responded to requests, on average, in 29 days. The *Freedom of Information Act* (1982) specifies a 45-day statutory time limit.

National competition policy compliance

The City of Melbourne was acknowledged as fully compliant with the program requirements for national competition policy and trade practices by the Victorian Government. This means the City of Melbourne conducts its business fairly, without taking unfair advantage of its marketplace position. In 2005-06, the Victorian Government awarded the City of Melbourne the full amount of funding for our demonstration of compliance under the Local Government Improvement Incentive Program.

Privacy

The protection of privacy is an important focus of all City of Melbourne activities and programs, and is integral to our role as a well-managed and leading corporation. Standards set out by the *Information Privacy Act* (2000) and the City of Melbourne's *Privacy Policy Statement* control how we manage personal information.

The City of Melbourne works to give the best possible service to internal and external stakeholders – while complying with privacy obligations. Privacy compliance is included in our staff induction program to ensure new staff members are aware of our standards and requirements.

Privacy seminars are available to staff through the City of Melbourne's corporate learning and development program.

The City of Melbourne has a dedicated privacy officer within our Governance Services Branch to guide and assist staff and members of the public with privacy-related queries or issues.

The City of Melbourne received one privacy complaint from a member of the public during the 2005-06 financial year.

Documents available for inspection

Regulations attached to the *Local Government Act* (1989) require the City of Melbourne to keep certain information in statutory registers and documents, which can be viewed upon request, or, in certain cases, upon application. Available documents include:

- council and committee meeting agendas and minutes;
- list of special committees established or abolished;
- agreements to establish regional libraries;
- contracts valued at $100,000 or more outside competitive process, except S186(5);
- names of councillors and City of Melbourne officers required to submit a Return of Interest and the date returns were submitted;
- details of interstate and overseas travel by councillors and City of Melbourne officers;
- details of senior officers' total salary packages;
- details of all property, finance and operating leases entered into by the City of Melbourne (as lessor or lessee);
- list of donations and grants made by the council;
- list of organisations of which the council is a member, and membership fees;
- mayoral and councillor allowances;
- register of authorised officers;
- register of delegations;
- register of interests;
- *Whistleblowers Protection Act* (2002) procedures; and
- submissions under S223.

Whistleblowers Protection Act

On 1 January 2002, the *Whistleblowers Protection Act* became law in Victoria. This Act is designed to ensure that public organisations are responsible, accountable and protect the public by exposing serious public sector unlawful activity. Complaints about improper conduct of any council officer can be made confidentially to the Victorian Ombudsman or to our Corporate Performance Director, Linda Weatherson.

In 2005-06, there was one report to the Ombudsman Victoria under the *Whistleblowers Protection Act*. In April 2006, the Ombudsman tabled in the Victorian Parliament the report into an investigation of parking infringement notices issued by Melbourne City Council.

The City of Melbourne Chief Executive, David Pitchford, has addressed all issues raised in the Ombudsman's report in a response paper that outlined 46 directions management will follow to rectify any inappropriate process, non-compliance with legislation or legal advice, or other management practice. The Ombudsman's Office supported this response.

Risk management

The City of Melbourne manages its risks in ways that maximise opportunities as well as minimise losses. Risk management planning is done as an organisation-wide exercise, but it is also a part of our daily business activities. For example, our risk management planning for the Melbourne 2006 Commonwealth Games involved an organisation-wide strategy, but also required specialised activities by individual branches and contractors.

The City of Melbourne includes contractors in its risk management planning and policies.

Liability risk management

In 2005-06, the City of Melbourne's liability risk management was the focus of an external audit. The audit looked at 78 Victorian councils, and all Tasmanian councils. The City of Melbourne achieved a rating of 88 per cent, the sixth highest of all audited councils. Our efforts to continuously improve our programs, processes and services are achieving positive results. We also saved $27,000 on our annual insurance premium compared with 2004-05, our third consecutive year of premium reductions.

Corporate risk management strategy

A three-year *Risk Management Strategy 2004-07* document guides our approach to risk management at the City of Melbourne. The strategy includes actions to be completed for each year of the strategy. In 2005-06, activities completed as part of this strategy included:

- running a corporate program to give staff skills, tools and resources to apply risk management techniques in their roles within the organisation;
- starting a major review of all risk exposures within each branch. This long-term project will continue into 2006-07; and
- upgrading our risk register database to improve work-area risk profiling, align our risk management with our council plan, to identify compliance requirements, and to improve management reporting.

Risk management training and development

Staff attended five different risk management courses in 2005-06. In its second year, this program of risk management training and development has proved successful, with 71 staff attending one or more course.

Our risk management training is a key focus of our corporate risk management program. Training options will be expanded in 2006-07, covering emerging topics and catering to staff needs.

Insurance and risk financing

No new claims were submitted to the City of Melbourne's insurers during 2005-06 for the major insurance classes of public liability, professional indemnity and property.

Major research was conducted during 2005-06 to consider alternative risk financing arrangements. The research looked at ways the organisation could streamline processes and reduce insurable loss costs. Significant improvement and savings opportunities were identified, and will be followed up during 2006-07.

Audit operations

Audit Committee

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

The Audit Committee met five times during 2005-06. The committee considered and made recommendations to the council and the council's management on many issues and internal audits including:

- internet security;
- review of occupational health and safety;
- the City of Melbourne's business continuity planning procedures;
- reports on the City of Melbourne's risk profile and legislative compliance frameworks;
- liability management audit;
- Commonwealth Games risk management;
- event sponsorship;
- arts and culture grants;
- cash collection;
- governance responsibilities applicable to associated entities and trusts in which the City of Melbourne has either an indirect interest or stake; and
- legal action reports.

Audit Committee members – external

John Warburton – Chair

John Warburton was re-appointed as a member of the Audit Committee by the Melbourne City Council for a further three-year period in June 2006.

Qualifications

- Certified Practising Accountant;
- experienced director of many private and public sector organisations and their audit committees; and
- appointed to the Melbourne City Council Audit Committee in June 1999.

Tim Dixon

Tim Dixon is a founding member of the City of Melbourne Audit Committee (commenced 1997).

Qualifications

- Partner, Price Waterhouse, Melbourne;
- Senior Partner, Price Waterhouse, Fiji; and
- member of the Institute of Chartered Accountants.

Claire Filson

Claire Filson was appointed as an external member of the Audit Committee for a three-year period, commencing July 2004.

Qualifications

- Bachelor of Law; MBA;
- experienced director and company secretary of both private and public organisations; and
- Chair of the Risk, Finance and Audit Committee of South East Water Ltd and the Audit Committee of Southern Cross Station Authority.

Audit Committee members – internal

Our Audit Committee's internal membership consists of:

- Lord Mayor John So;
- Deputy Lord Mayor Gary Singer; and
- Councillor Brian Shanahan (Chair of the Melbourne City Council Finance and Governance Committee).

Internal audit

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

The City of Melbourne's internal auditor reports to our Audit Committee. The service is contracted to Ernst & Young, which started its second three-year term in March 2005.

A strong internal control environment ensures our systems will effectively manage operations. Services provided by the internal audit service include:

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

External audit

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

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

Best Value

In 1988, the City of Melbourne introduced the Best Value program to improve the quality, efficiency and cost of the services we provide for our community. In 2000, the *Local Government Act* (1989) was amended to incorporate six principles for Best Value, with requirements including that we must:

- offer services that are the best possible quality and value for money;
- offer services that are responsive to community needs;
- offer services that are accessible to the people they are intended for;
- show continuous improvement of service performance;
- regularly consult the community about service standards; and
- regularly report to the community on its achievements in relation to the five requirements listed above.

The Best Value program helped the City of Melbourne provide the most appropriate and efficient services for our municipality, giving us the tools to best manage our service reviews and improvements. The program has also allowed us to capture performance data across the organisation; information that can be used to develop benchmarks and improvement opportunities. Best Value has therefore been instrumental in the development of a continuous improvement culture within the City of Melbourne.

The Best Value program identified improvement opportunities across the organisation. Recommendations have been included in branch business plans, and branches continue to act on these recommendations and to monitor improvements.

Reviews completed

We completed 86 reviews during the three years of the Best Value program. In 2005-06, 18 Best Value reviews were completed. All reviews were completed before 31 December 2005, with two reviews presented to the Victorian Government's Service Improvement Review Panel after this date. Completed Best Value reviews have been listed in each City of Melbourne annual report since 2002-03.

Sustainable City Research

The Sustainable City Research Branch manages information and research services for the organisation, including: collecting; storing; promoting; and distributing data.

The review drew on information from sources such as a branch communications review, a service user requests log, and research service user surveys.

Work done by the Sustainable City Research Branch is used in strategic decision making that can influence the future direction of the city. The review found that work done by this branch is highly regarded and valued by the organisation. One area marked for improvement was communication of branch services. A three-year plan was developed from the review recommendations.

Printing and copying

In 2001, an organisation-wide printing and copying contract was established, covering the use of a range of equipment throughout the organisation. In 2005-06 this contract was reviewed, focusing on cost and quality of service. The review found that the contract has been successful in consolidating services and reducing costs.

Further improvement opportunities have been identified, and will be implemented by the end of 2007-08.

Family and children's services

This review looked at services provided for children and their families, including: children's services; early childhood services; family support and counselling; and maternal and child health. The review found that while the service is responsive and accessible to its current users, potential or new users might experience difficulties, particularly with child care. The Melbourne City Council has resolved to provide 200 new child care places by 2008.

A customer satisfaction survey was completed as part of the review, and the results showed the family and children's services team offers excellent customer service to customers.

Health services laboratory testing contract

The City of Melbourne's Health Services Branch collects between 700 and 1,300 samples for testing each year as part of its routine inspection program. Samples are sent to a laboratory for testing, and this review looked at the City of Melbourne's laboratory testing contract. The review measured the effectiveness of the contract, and assessed the contract against Best Value principles. The laboratory services contract was found to be well aligned with the Best Value principles, with only some reporting process improvements needed.

Library services

This review looked at library services provided to the City of Melbourne by the Yarra Melbourne Regional Library Corporation. The review used previous and new research to identify services considered the 'best on offer' in local government-managed libraries. The community was also invited to comment on services provided by City of Melbourne libraries.

Library users have many opportunities to provide comments on library services, and research showed users felt their comments were responded to. The accessibility of the libraries was highly rated on location and available services. An improvement plan was developed, including examples of 'best on offer' practices, for adoption by City of Melbourne libraries.

Tourism services

A Best Value review found that the City of Melbourne's tourism services are dynamic and well-run, and that they are responsive to customer and stakeholder needs. The performance of tourism services is regularly assessed through customer satisfaction surveys, and services are also assessed against best industry practices (the Victorian Tourism Awards).

Street trading

A Best Value review of street trading found that the service:

- is constantly reviewing community needs;
- is responsive to its users and wider community;
- is having a positive impact on the life of the city; and
- is provided in a professional manner.

This review confirmed that the service talks to (and listens to) its users and the wider community. Street trading focuses on continuous improvement and on achievement of quality service.

Financial services

A Best Value review of the Financial Services Branch found the branch operates an efficient and effective service, providing reliable customer service.

The branch has a strong continuous improvement ethic, demonstrated through regular system and process improvements that offer benefits to its customers.

Regular surveys are conducted by the branch, measuring the satisfaction of internal customers, and identifying areas to improve. The review recommended the branch develop a series of performance indicators, identifying best practice and giving direction for future improvements.

Security services

The City of Melbourne's security services were reviewed as part of the Best Value program. The review found security services communicates with its users and the wider community, is responsive to their needs and is always available.

A planned integration of the security control room, street surveillance cameras control room and the radio dispatch function will bring together improved technology and ergonomic design, further increasing safety for staff and the community.

Continuous improvement

The City of Melbourne's Continuous Improvement Branch is responsible for driving continuous improvement within the organisation. The branch works to introduce better management practices to help the organisation achieve its strategic objectives.

Results from recent branch and organisation-wide surveys were used to establish improvement opportunities for the branch. The review found that the branch is responsive and accessible, with an organisation-wide view of continuous improvement. Performance indicators have been developed to measure the performance of the services over time.

Legal and governance

The Legal and Governance branch gives advice on governance standards and statutory requirements, insurance, risk management, election management and legal services to the council and its committees, management and staff.

Surveys, interviews and quality audits were used to explore the quality of the services provided and to identify any improvement opportunities. The review found that the branch is responsive to its customers' needs and is respected for the quality of the work it delivers and the care that is taken with customers. The review also found that the branch communicates with, and listens to, its community. A review of performance indicators was recommended, to allow the inclusion of quality and cost measures.

Management of community recreation and aquatic facilities and skate parks

The City of Melbourne offers a range of sports and recreational services, managed by an external contractor. Essentially the Best Value review looked at contract arrangements, but it also looked at strategic issues that could generate improvement opportunities. Review recommendations included:

- services should support the City of Melbourne's *Active Melbourne* strategy;
- a clear approach is needed for the collection of data about community needs;
- a process for receiving and responding to customer feedback is required;
- the *Active Melbourne* brand should be included in signage and publications;
- a consistent concessions policy should be developed; and
- access to translation services needed improvement.

Youth services

The City of Melbourne's *Young People's Policy 2005-2009* is an important document for the city, highlighting the future direction and delivery of youth services within the municipality. The Best Value review looked at this policy and how the organisation can support it. The review identified areas for action, including:

- the development of better performance indicators to allow assessment of policy performance; and
- the development of a clear evaluation and reporting framework.

A plan addressing these issues is being developed.

Our people

Employment figures in this report are for City of Melbourne employees only and do not include employees of our subsidiary companies.

Staff profile

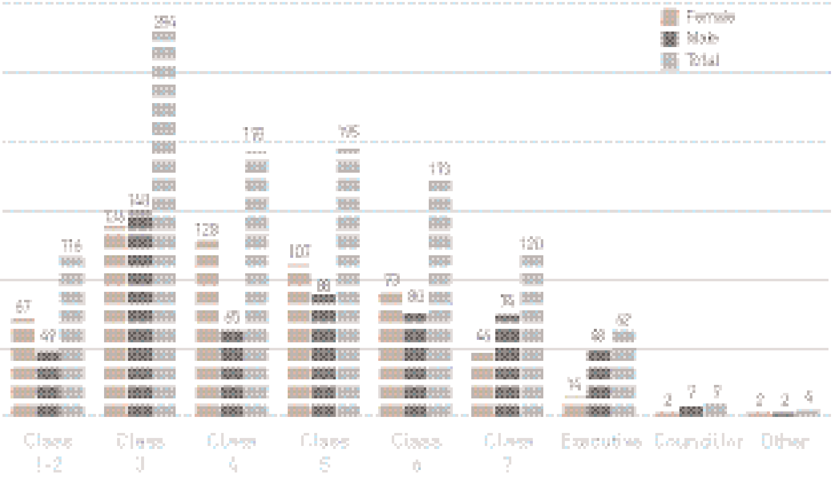
As at 30 June 2006, the City of Melbourne employed 1,147 people. In 2004-05, the organisation employed 1,101 people. We have:

- 936 full-time staff; and
- 211 part-time staff.

Of these, 179 are non-permanent staff, including:

- 133 fixed-term temporary;
- 43 casual; and
- three student placements.

Employee classification by gender



Source: Internal data.

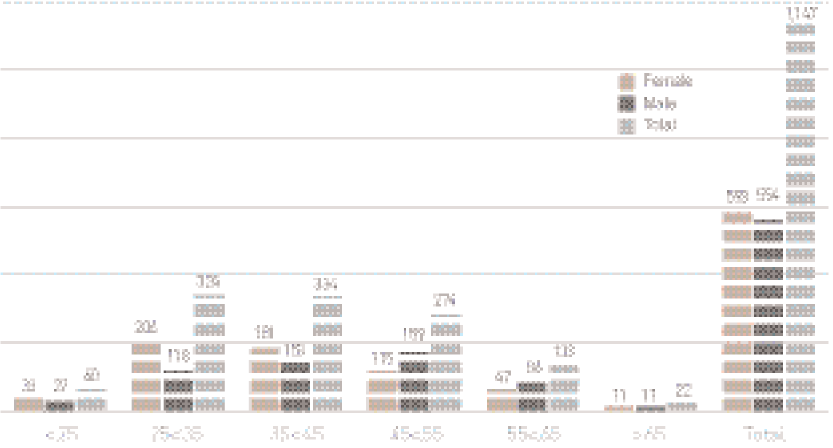
The mix of staff at the City of Melbourne continues to be split approximately 50 per cent. Males are more likely to hold executive positions, with 48 male and 14 female executives employed by the organisation. Females are more likely to hold lower-paying Class 1, 2 and 3 positions, with 331 females in these positions compared with 262 males.

Staff classifications

Staff classifications include:

Class 1 and 2: Child care workers
Class 3: Parking and traffic, office administration support
Class 4: Administrative/support
Class 5 and 6: First level professionals, technical staff and programmers
Class 7: Team leaders and professionals
Executive: Managers and directors

Number of staff by age group



Source: internal data

The City of Melbourne employs staff in a range of age groups.

Programs for staff

The City of Melbourne believes in its people. We offer many programs to help our staff develop, improve, overcome challenges, balance work and life – and to lead within our organisation.

Management challenge

Two teams of young achievers competed in Local Government Managers Australia's Management Challenge in March 2006. The City of Melbourne encourages its staff to participate in this event that tests and develops participants' leadership, communication, planning and conflict resolution skills.

Corporate learning and development

Corporate Learning and Development (CLAD) training at the City of Melbourne is tailored to provide training opportunities that will increase the capabilities of our staff, especially in leadership development, and in demonstrating behaviours consistent with our values.

In 2005-06, 105 CLAD courses were presented on topics including: presentation skills, mentoring, leadership in customer service, innovative and creative thinking, business communication skills, team leader training and facilitation skills.

The City of Melbourne also offered training in managing contractor health and safety and in risk management.

City of Melbourne qualifications

Our nationally accredited City of Melbourne Diploma of Business and City of Melbourne Graduate Certificate of Corporate Management (an MBA pathway) courses are being completed by 40 staff, with 27 completing a Diploma of Business and 13 completing the Graduate Certificate. These programs are managed by our corporate learning and development partner, Deakin Prime.

Employee Recreation Association

Our Employee Recreation Association is a City of Melbourne-wide health and wellbeing program. Social and team building activities; health activities such as tai chi, yoga and subsidised massages; discounted tickets to Melbourne events; and support of community events such as Cancer Council Pink Ribbon Day, Daffodil Day and the Red Cross Corporate Blood Drive were all provided by this association in 2005-06.

The association is popular with staff (staff membership was at 67.5 per cent on 30 June 2006) and offers benefits including:

- improved work/life balance (identified by 83 per cent of staff);
- improved health/wellbeing (identified by 82 per cent of staff);
- a more cooperative and congenial work environment (identified by 72 per cent of staff); and
- makes the organisation more attractive to prospective employees (identified by 62 per cent of staff).

These results show the programs offered by the association contribute to a healthy, harmonious and enjoyable work environment at the City of Melbourne.

Leap into Life

Our Leap into Life program is designed to promote a healthy lifestyle for staff. Leap into Life events were held every month, including:

- a seminar on getting motivated to exercise, attended by 75 staff;
- a SunSmart session, attended by 70 staff;
- a change-your-thinking seminar, attended by 86 staff;
- an Indian cooking demonstration, attended by 66 staff;
- a presentation on will preparation, attended by 75 staff; and
- a nutrition workshop, attended by 93 staff.

Staff retention

Our voluntary staff turnover increased slightly in 2005-06.

	2005-06	2004-05	2003-04
Positions advertised	223	252	169
Total applications received	8,334	8,782	5,829
Average applicants per position	37.4	34.9	34.5
Staff turnover[1]	15.03%	11.5%	11.21%
Absenteeism[2]	3.39%	4%	3.39%

1. Voluntary (resignations) turnover only.
2. Total sick leave absences as a percentage of ordinary time available.

The City of Melbourne advertised fewer positions in 2005-06, when compared with the 2004-05 figures. Applicants per position increased, with an average of 37.4 applicants per position, compared with 34.9 applicants per position in 2004-05.

Occupational health and safety

Contractor safety management remains an important focus of our safety management program, including significant improvements in contractor management training and the audit review process.

Supporting our occupational health and safety management systems are four committees. These committees are a forum for employees and management to work together to achieve a safer working environment and increase staff awareness of safety issues and management.

SafetyMAP

The City of Melbourne maintained its *SafetyMAP Fourth Edition – Initial Level Certification* in 2005-06.

Safety Management Achievement Program (SafetyMAP) accreditation is an audit tool that measures the organisation's health and safety management system.

Two surveillance audits were conducted in October 2005 and May 2006, and on both occasions no major non-conformances were identified.

Occupational rehabilitation

The City of Melbourne supports its staff to remain at work following an injury or illness regardless of whether the condition was work-related. A graduated return-to-work program is available, facilitated by our human resources team. In 2005-06, 63 staff were supported by return-to-work plans.

WorkCover

WorkCover claims were significantly reduced in 2005-06. The organisation received 13 minor claims (compared with 33 received in 2004-05). Standard claims were also reduced, with 12 received (compared with 13 in 2004-05).

Our WorkCover premium and injury/illness claims continue to trend downwards. The City of Melbourne's premium is now set at 1.5 per cent (1.81 per cent in 2004-05). This equates to a $70,000 saving on premium.

WorkCover claims

This table lists the number of WorkCover claims and the premium rate incurred by the City of Melbourne.

Year	Standard claims	Minor claims	Premium inc. GST	Premium as % of remuneration
2005-06	12	13	$1,141,112.31	1.51
2004-05	13	33	$1,282,241.00	1.81
2003-04	30	34	$1,329,314.20	2.27
2002-03	32	26	$1,324,974.72	2.27
2001-02	36	26	$1,250,253.39	2.42

Source: JLT and the WorkCover Authority.

Equal employment opportunity

Our vision of a workplace that is free from discrimination, harassment and bullying is incorporated into policies including:

- Equal Opportunity Policy;
- Recruiting Fairly Policy;
- Anti-Harassment and Bullying Policy; and
- Employee Disability Inclusion Policy.

Regular training and forums were held for our equal employment opportunity representatives. These sessions are to ensure all representatives have the skills to deal with issues in the workplace.

The City of Melbourne believes diversity is essential to equal employment opportunity. Our business administration trainee program recruited three people during the year who experience barriers to employment. This program supports the community and enhances the richness of the City of Melbourne's workforce.

Maternity leave

Diversity in the workplace includes making opportunities for those who need more flexible working hours. We help mothers (and fathers) balance their family and work commitments.

During 2005-06, 43 women were on maternity leave, five more than in 2004-05. Paternity leave was taken by 14 fathers.

Work flexibility

There were 36 approved work flexibility agreements in 2005-06, including 29 female staff and seven male staff. Carer and/or family responsibilities were the reasons behind 50 per cent of applications.

People Assist

Our People Assist program offers three streams of confidential counselling and support:

- Employee Assist (individual counselling);
- Career Assist (vocational guidance and career ending support); and
- Manager Assist (confidential management support/coaching).

People Assist service usage

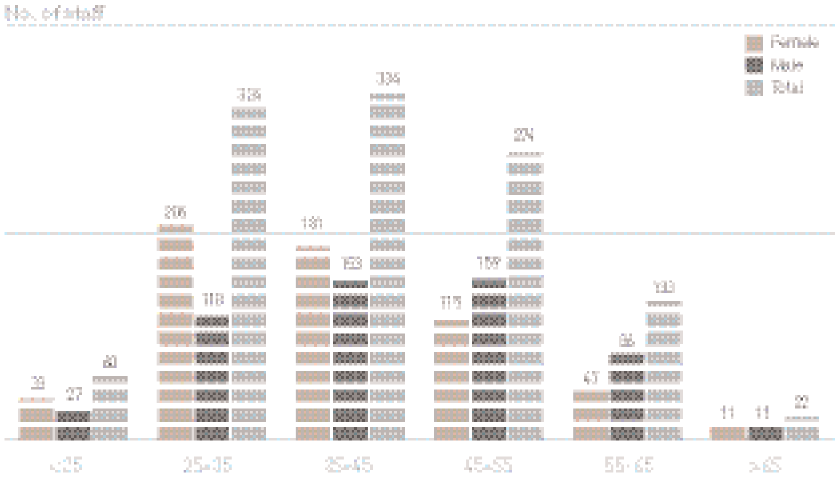
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
2005-06	28	23	21	35	107
2004-05	47	27	20	37	131
2003-04	36	29	20	20	105

Recognition of service

The City of Melbourne thanked staff who achieved tenure of five, 10, 15, 20 and 25 years of service at a special ceremony in the Melbourne Town Hall. This year:

- seven staff were recognised for 30 years of service;
- five staff were recognised for 25 years of service;
- 16 staff were recognised for 20 years of service;
- six staff were recognised for 15 years of service;
- 30 staff were recognised for 10 years of service; and
- 72 staff were recognised for five years of service.

Staff by tenure



Source: internal data

This graph shows staff by tenure numbers divided into age groups. Figures for male and female staff have been included.

Union representation

The City of Melbourne estimates that more than 400 staff have independent trade union organisation membership.

The *Melbourne City Council Enterprise Agreement* (2005) is a collective bargaining agreement covering 1,085 staff during 2005-06, excluding executives.

The *Melbourne City Council Award* (2001) also covers all staff (excluding executives).

City of Melbourne Consultative Committee

The City of Melbourne Consultative Committee was established under the City of Melbourne's *Enterprise Agreement 2002–2005* and operates according to Clause 15 of the *Melbourne City Council Enterprise Agreement* (2005).

The committee:

- ensures processes are in place to resolve matters of concern associated with the enterprise agreement;
- makes recommendations on corporate human resources policies and procedures;
- works to improve relevant communication and consultation with employees; and
- makes recommendations for the resolution of issues related to the agreement.

All employees are encouraged to raise issues, table ideas, or present information to the Consultative Committee.

More information on our enterprise agreement is available on page 68.

Disappointment

Overall community satisfaction with the City of Melbourne's performance fell in 2005-06. This is a surprising result, and is the first time satisfaction has dropped significantly since 2001. Satisfaction ratings for most of our services have not decreased, making this drop in overall satisfaction difficult to explain. Residents listed traffic and parking management; community engagement; and town planning as areas in need of improvement by the organisation.

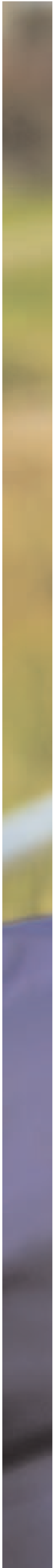
In 2005-06, the Victorian Ombudsman conducted an investigation into parking infringement notices issued by the City of Melbourne. This identified processes and systems that required immediate action to ensure we comply with current legislation on the issuing of parking infringement notices. While disappointing that it was necessary, the experience has certainly led to many improvements in our management systems. The issues raised by the Victorian Ombudsman have now been addressed.

Looking ahead

Our customer service strategy has a simple philosophy at its core – that every contact a customer makes with the City of Melbourne is important, and can make a difference to the individual and our community. This approach to customer service will be a focus of 2006-07. While our customer-service-specific work areas are already achieving excellent standards of customer service, the organisation as a whole can improve. We will be developing programs to drive our customer-focused approach to service during the coming year.

At the same time, a natural progression from the launch of our new customer relationship management system is the development of a 'total customer contact centre plan'. At the moment, our customer relationship management system records only telephone contacts. A total plan would include text messages, emails, faxes and other contact methods as well as telephone calls.

In the future, all customer contacts will be directed through our central customer relationship management system. This means that soon we will be in a great position to capture, monitor and respond to most, if not all, community issues. Streamlining our services through one contact point will also reduce administrative costs.



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STRATEGIC OBJECTIVE

6 Financially responsible corporation

A financially responsible corporation ensures the City of Melbourne's finances and assets are well-managed in the short term and strategically planned to secure the corporation's long-term sustainability.

Financial performance

	Expenditure	Revenue
Planned ($ million)	10.6	150.8
Actual ($ million)	10.9	157.4
Variance ($ million)	(0.3)	6.6
% of budget	103 per cent	104 per cent

This chart shows the amount we spent (expenditure) and the amount we earned (revenue) in achieving the activities within this strategic objective.

To achieve our strategic objective of a financially responsible corporation, we need to demonstrate excellence in long-term financial sustainability.

Our operations

The City of Melbourne's operations are located in the State of Victoria, within Melbourne's central business district and surrounding suburbs of Carlton, East Melbourne, North and West Melbourne and Southbank.

The majority of revenue and expenditure is derived and expended within this geographic area.

There were no changes to size, structure or ownership of the City of Melbourne during the course of the year. The boundaries remained unchanged but the first stage of the financial due diligence process for the return of the Docklands precinct was completed.The City of Melbourne continues to work and plan for the transition and return of the Docklands municipality to Melbourne by 1 July 2007.

Major suppliers

The City of Melbourne's major suppliers, in terms of value, in 2005-06 were:

- Citywide Service Solutions $38.0 million;
- Spotless Services Australia $9.3 million;
- Canteri Bros Constructions $5.4 million; and
- Serco Australia $4.6 million.

Achievements

Investing in development

Investment in council works projects continues to meet the needs of the city, and ensured the city was presented in pristine condition for the Commonwealth Games. The City of Melbourne committed $97.2 million to our council works program in 2005-06, including the funding of major projects such as:

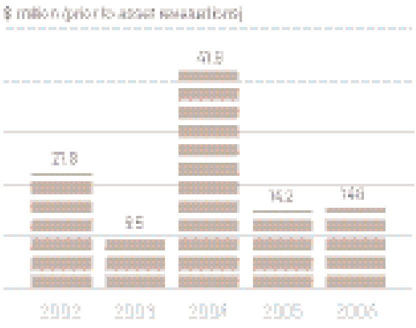
- continuation of works on CH_2 ($30.5 million);
- completion of works on Sandridge Bridge and Northbank ($15.3 million);
- completion of East Melbourne Community Centre ($2.9 million); and
- completion of the Argyle Square Piazza ($3.2 million).

Continuing to achieve a surplus

The City of Melbourne has continued to deliver an operating surplus since 2000-01. In 2005-06, the City of Melbourne enjoyed a very strong financial performance, achieving a surplus of $14.8 million.

2005-06	Surplus
Planned ($ million)	3.6
Actual ($ million)	14.8

Operating surplus



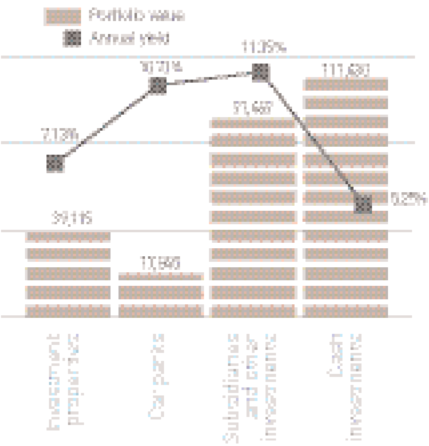
Source: internal data.

The major items contributing to our operating surplus in 2005-06 were once-off capital contributions ($9.5 million) and the newly introduced parking levy ($5.0 million).

Investing wisely

The investment portfolio provided revenue of $22.3 million, representing an 8.01 per cent return, a reduction from last year's return of $26.2 million. Interest income was reduced this year as cash was used to build CH_2. This, in turn, reduced our total investment portfolio revenue for the year.

Investments Portfolio – Annual Yield (2005-06)



Source: internal data.

Our investment success continues to help underpin modest rate increases and reflects our prudent management of investment assets in a challenging investment environment.

Our subsidiary companies' performance was strong, accounting for more than 34 per cent of the total cash return.

A revised investment strategy was approved by the Melbourne City Council during 2005-06, establishing a reserve of $24 million, to be used in achieving the City of Melbourne's strategic initiatives.

Docklands transition

To manage the transition of governance from the Victorian Government back to the City of Melbourne, a Docklands Transition Branch was established within our Finance Division. This new branch will manage the transition, and is working with government agencies such as VicUrban, to ensure the transition runs smoothly.

During 2005-06, work completed included:

- Docklands due diligence;
- a Memorandum of Agreement for service delivery;
- implementation of place management plans; and
- contributions were made to the drafting of legislation to enable the integration of Docklands municipal functions to the City of Melbourne.

Donations and grants

The City of Melbourne provides support through the distribution of donations and grants to a range of organisations, individuals and groups.

In 2005-06, we funded 479 organisations to the value of $11.3 million.

Type of grant	$ million
Arts and culture	3.478
Community services	1.773
Sports	0.957
Business and trade development	1.586
Commonwealth Games	0.259
Other	3.319
Total	**11.372**

Financial strength

During the year, retained earnings continued to grow, increasing by $76.9 million. Earnings included:

- grants and contributions ($24.8 million);
- subsidiaries ($11.1 million), including dividends of $2.9 million;
- taxes and levies ($3.1 million); and
- fixed assets ($62.0 million).

Further information on grants and contributions received, employee costs, operating result by function, council works expenditure and basis of reporting can be found in our financial report on pages 112 to 171.

The City of Melbourne maintained its debt-free status and Standard and Poor's AAA credit rating, first achieved in March 2000.

Disappointment

An 'Expressions of Interest' for the purchase of the Melbourne Wholesale Fish Market business and site was issued in July 2005, followed by a tender by invitation. The tender was issued with the intent of determining the future operations of the market.

The tender process was expected to be completed by June 2006. However, we have yet to conclude the tender process. Constraints on the title will need to be revoked or varied before the tender process can be completed.

Negotiations with the Victorian Government, looking at possibilities to revoke or vary the title constraints, will continue.

Looking ahead

The City of Melbourne will mark a new milestone in the history of the Melbourne Docklands, with the transfer of the municipal authority of Docklands from the Victorian Government. We will take formal responsibility for all of the municipal activities and functions associated with the integration of the Docklands to the City of Melbourne in 2007.

Our management of the Docklands precinct will bring another 6,000 residents, 7,000 workers and 6,000 daily visitors into our municipality, and will see us become the managers of unique waterfront areas; entertainment precincts; public art; parks; roads, footpaths and bike paths; and the impressive Webb Bridge.

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Events calendar

The City of Melbourne presents and supports a vast range of events for the community. Arts and culture, sports, and family entertainment feature in this busy calendar.

- 🟡 **City of Melbourne owned**
- ● **City of Melbourne sponsored, funded or otherwise supported**

	Event	Start date
●	Australian Memory Championships	10 July
●	Aria Hall of Fame	19 July
●	Melbourne International Film Festival	20 July
●	ARAV Retail Awards	27 July
●	*The Age* Writers Festival	19 August
●	SpArt Conference	24 August
🟡	Melbourne Awards	27 August
●	Melbourne Day	30 August
●	Asian Food Festival	1 September
●	Melbourne Spring Fashion Week	5 September
●	Live Site – AFL Grand Final Week	18 September
●	Melbourne Fringe Festival	21 September
●	AFL Grand Final Parade and Activities	23 September
●	Veteran Australian Women's National Hockey Championships	23 September
🟡	Melbourne Business Festival	3 October
●	Ride to Work Day	5 October
●	Melbourne International Arts Festival	6 October
●	Melbourne Marathon	9 October
●	Spring Fling Festival	9 October
●	Bourke Street Mall Official Opening	19 October
●	Live Site – Spring Racing Carnival	24 October
●	Mercedes Australian Fashion Week	25 October
●	Melbourne Cup Carnival	29 October
●	Melbourne on screen	11 November
🟡	Santa's Christmas Trams	12 November
🟡	Christmas tree lighting ceremony	18 November
🟡	Warming up for the Commonwealth Games	20 November
●	AFI Awards	26 November
●	Melbourne Women's Jazz Festival	1 December
🟡	Christmas entertainment program	1 December
●	Chanukah	26 December
🟡	New Year's Eve Celebrations	31 December
🟡	Summer Fun in the City	2 January
🟡	Tianjin Kite Festival	15 January
●	Australian Open	16 January
●	Live site – Australian Open	16 January
●	Run to the 'G'	18 January
●	Volvo Ocean Race Melbourne Stopover	19 January
🟡	Osaka Twilight Festival	19 January
●	Midsumma Festival	20 January
●	Australia Day	26 January

	Event	**Start date**
●	Melbourne Dragon Boat Festival	26 January
●	Chinese New Year	28 January
●	Big Day Out	29 January
●	Sustainable Living Festival	17 February
●	Melbourne Tourist Shuttle Bus Launch	26 February
●	L’Oréal Melbourne Fashion Festival	26 February
●	Tropfest	27 February
●	Melbourne Food and Wine Festival	1 March
●	Melbourne Queer Flim Festival	2 March
●	Formula 1 Australian Grand Prix	3 March
●	Live Site: Formula One Australian Grand Prix	3 March
●	Melbourne’s Moomba Waterfest	3 March
●	East Melbourne Festa	5 March
●	Queen’s Baton Relay (Commonwealth Games)	14 March
●	Melbourne 2006 Commonwealth Games Opening	15 March
●	Live Site: Melbourne 2006 Commonwealth Games	15 March
●	Next Wave Festival	15 March
●	Antipodes Festival	20 March
●	AFL 2007 Season Launch	23 March
●	Melbourne 2006 Commonwealth Games Closing	26 March
●	Great Melbourne Bike Ride	26 March
●	Law Week	27 March
●	Melbourne 2006 Commonwealth Games Parade	28 March
●	Dame Edna 50th Anniversary	1 April
●	Melbourne International Flower and Garden Show	5 April
●	Thai Culture and Food Festival	9 April
●	Melbourne International Comedy Festival	12 April
●	Melbourne Storm Family Day	22 April
●	Anzac Day	25 April
●	Greater Seattle Study Mission	26 April
●	Dutch Orange Day	30 April
●	Australian International Beer Awards	1 May
●	Mayor’s Asia-Pacific Environmental Summit	7 May
●	Melbourne International Jazz Festival	10 May
●	Mother’s Day Classic	14 May
●	Buddha’s Day Celebration Festival	20 May
●	Birrarung Marr Common Ground Opening	27 May
●	Circus Oz	7 June
●	Docklands Winter Wonderland	17 June
●	World Cup Live Sites	19 June
●	Melbourne International Animation Festival	26 June

Strategic objectives indicator report

This strategic objectives indicator report details our performance against indicators identified in our *City of Melbourne Council Plan 2005-2009*, and the Victorian Local Government Indicators. For more information about our council plan, please turn to page 20.

Victorian Local Government Indicators

The Victorian Government requires all Victorian councils to measure and annually report against 11 Victorian Local Government Indicators. The indicators quantify aspects of expenditure, cost of service and infrastructure provision, customer satisfaction and governance. These indicators are included in the table below, marked with (VLGI) beside the strategic indicator number.

1 Connected and accessible city

No.	Measure	Result	Comments
1.1	Number of daily visitors to the city.	644,705	2004 result provided as this indicator is measured bi-annually.
1.2	Overall satisfaction rate of visitors to City of Melbourne parks.	80 per cent.	
1.3	Mode share for public transport, motor bikes, walking and cycling.	In 2006, transport modes used to travel to the central business district on weekdays included: • public transport: 72 per cent (trains 51 per cent, trams 21 per cent); • car: 19 per cent; and • bicycle: between one to two per cent, with significant variations in winter and summer.	This result is a significant change from 2004 when figures included: • public transport: 60 per cent (trains 39 per cent, trams 21 per cent); and cars: 23 per cent. Car use has declined by four per cent and train use has increased by approximately 12 per cent on these 2004 figures.
1.4	Total number of referrals (business, cultural, educational and other) facilitated through City of Melbourne international relations pathways.	344	Referrals included: • 84 courtesy calls; • 33 forums/information sessions; • 24 meetings; • 33 networking functions; • 25 off-site visits; • 50 public events; • 24 roundtables; • 15 student visits; and • four town hall tours.

No.	Measure	Result	Comments
1.5 (VLGI)	Community satisfaction rating for overall performance of local roads and footpaths.	67	Indexed mean score. This score is higher than the mean of all inner Melbourne metropolitan councils.
1.6 (VLGI)	Community satisfaction rating for overall performance of appearance of public areas.	75	Indexed mean score. This score is higher than the mean of all inner Melbourne metropolitan councils.
1.7 (VLGI)	Community satisfaction rating for overall performance of traffic management and parking facilities.	55	This indexed mean score has not changed since 2005.

2 Innovative and vital business city

2.1	Number of new jobs in the City of Melbourne's small business development program.	• 134 full time; • 43.5 part time; and • six casual.	
2.2	Level of investment by businesses funded under the City of Melbourne's small business development fund.	$2.9 million was invested in business creation or expansion in 2005-06.	
2.3	Growth in the number of businesses engaged in export as a result of their engagement with the City of Melbourne.	In the first year of the City of Melbourne's export grants program, 15 businesses received grants. One contract was signed, valued at approximately $0.5 million. Other contracts are in advanced stages of negotiation.	
2.4	Satisfaction rates of businesses with the support and advice provided by the City of Melbourne.	Satisfaction ratings collected through the City of Melbourne's business leaders' consultation program were: • 65 per cent very satisfied; • 23 per cent satisfied; • six per cent dissatisfied; • six per cent not relevant.	Interviews were conducted through the business leaders' consultation program and these satisfaction ratings were developed using information recorded in the interviews.
2.5 (VLGI)	Community satisfaction rating for overall performance of economic development.	72	This indexed mean score remains relatively unchanged from the 2005 result of 71.
2.6 (VLGI)	Community satisfaction rating for overall performance of enforcement of bylaws.	66	This indexed mean score has remained relatively unchanged from the 2005 indexed mean of 65.

3 Inclusive and engaging city

3.1	Percentage of visitors who feel safe in the central business district.	89 per cent feel safe in the city all or most of the time.	This is a minor increase of one per cent from the previous (2003) survey result.
3.2	Participation rates at key events, festivals and programs conducted by the City of Melbourne.	4.6 million.	
3.3	Number of cultural projects/events devised and managed or produced by Indigenous communities and marginalised community members.	More than 30 projects.	Many of these projects were supported by City of Melbourne community cultural development and/or Indigenous arts grants. While the number of projects/events gives an indication of the level of support the City of Melbourne offers Indigenous communities and marginalised community members, the quality of involvement, cultural and economic background of participants, diversity and other factors are also important measures, not reflected in the figure provided.
3.4	Customer satisfaction rating with City of Melbourne-owned recreational services.	80 per cent.	
3.5	Timeliness of delivery of the City of Melbourne's home care, personal care and respite care services for the aged and disabled.	47,818 hours of home care, personal care and respite care were provided. On 148 occasions, services were not provided as scheduled.	Overall performance was good.
3.6	Customer satisfaction with City of Melbourne family and children's services.	Users of these services provided by the City of Melbourne reported the following satisfaction rates: • child care: 99 per cent; • maternal and child health: 82 per cent; • family support services: 79 per cent; and • parenting services: 78 per cent.	A survey conducted as part of a 2005-06 Best Value review also reflected these levels of satisfaction.
3.7	Percentage of children between 72 and 75 months that are fully immunised.	74.07 per cent. (This result is slightly lower than our 2004-05 result, and is below our annual target of 83 per cent.)	The City of Melbourne's population is transient, and this is a hard-to-reach age-group. These factors affect (reduce) the number of children receiving four-year-old immunisations within the municipality.

No.	Measure	Result	Comments
3.8 (VLGI)	Community satisfaction rating for overall performance of town planning policy and approvals.	62	This indexed mean score is the same result achieved in 2005.
3.9 (VLGI)	Community satisfaction rating for overall performance of health and human services.	67	This indexed mean score is the same as our 2005 result.
3.10 (VLGI)	Community satisfaction rating for overall performance of recreational facilities.	78	This indexed mean score remains relatively unchanged since 2005.

4 Environmentally responsible city

No.	Measure	Result	Comments
4.1	Reduction in net emissions of greenhouse gases in the City of Melbourne, compared with the baseline year of 1999-2000.	Annual data is unavailable.	This information comes from the Australian Bureau of Statistics Census and new data is only available every five years. The City of Melbourne is investigating other sources for this data.
4.2	Reduction of residential waste to landfill per household.	One per cent reduction.	The continued popularity of the City of Melbourne's co-mingled recycling service is helping reduce the amount of waste that goes to landfill in the municipality. However, waste services are growing faster than recycling services. In 2005-06, the City of Melbourne registered 1,193 new waste services compared with 382 new recycling services.
4.3	Percentage of municipal waste diverted for recycling.	24 per cent reduction.	This year, 2005-06, is the first full year of the City of Melbourne's co-mingled recycling service. (The service was introduced in December 2004.) The change has led to a moderate improvement on the 2004-05 result (22 per cent).
4.4	Reduction in the consumption of drinking quality water within the City of Melbourne, compared with the baseline year of 1999-2000.	Five per cent reduction.	This is 2004-05 data as the current data is not available yet. A five per cent reduction against the base year (1999-2000) was achieved, but consumption actually rose by three per cent on 2003-04 results.

4.5	Reduction of waste to landfill from the City of Melbourne's offices.	N/A	This (usually) bi-annual audit of reduction of waste to landfill has been deferred until staff move into CH_2, the City of Melbourne's new 'green' administration building. Results will be reported in 2006-07.
4.6	Reduction of greenhouse gas from City of Melbourne operations.	26 per cent reduction against base year (1996-97) and 5.7 per cent reduction from previous year.	This is 2004-05 data as 2005-06 data is not yet available.
4.7	Reduction of drinking quality water consumed for City of Melbourne buildings and gardens.	20 per cent reduction against base year (1999-2000) and 0.4 per cent increase from previous year.	This is 2004-05 data as 2005-06 data is not yet available.
4.8 (VLGI)	Community satisfaction rating for overall performance of waste management.	73	This indexed mean score is lower than the mean of all inner Melbourne metropolitan councils. 83 per cent of respondents find Melbourne waste management services 'adequate or better', compared with a mean of 85 per cent across inner Melbourne metropolitan councils. The City of Melbourne's result is slightly improved from 2005.

5 Well-managed and leading corporation

5.1	Percentage of external customer contacts resolved within the target date.	N/A	This data will be available from the 2006-07 financial year. Our new customer contact system has been operational for less than 18 months.
5.2	Percentage of total labour days lost to staff absenteeism/sickness.	3.4 per cent.	
5.3	Rate of annual staff turnover.	15 per cent.	
5.4	Overall employee satisfaction rating.	75.6 per cent of employees rated satisfied or very satisfied.	This figure comes from the City of Melbourne's culture survey, conducted in 2005.
5.5	Percentage of telephone calls resolved at first point of contact.	86 per cent.	

5.6	Degree of compliance with Global Reporting Initiative guidelines for sustainable reporting.	Compliance with the Global Reporting Initiative guidelines is measured through a verification rating. We have not sought a verification rating for 2005-06.	Rating not sought in 2005-06 due to the implementation of a new full-length sustainability report. We will seek verification for our report in 2006-07.
5.7 (VLGI)	Community satisfaction rating for overall performance generally of the City of Melbourne.	70	This indexed mean score has declined from 2005 (74). An analysis of contributing results produced no clear reason for this decline. Other indicators remain relatively unchanged.
5.8 (VLGI)	Community satisfaction rating for the City of Melbourne's interaction and responsiveness in dealing with the public.	78	This indexed mean score is relatively unchanged from 2005 (77).
5.9 (VLGI)	Community satisfaction rating for the City of Melbourne's advocacy and community representation on key local issues.	65	Indexed mean score.
5.10 (VLGI)	Community satisfaction rating for the City of Melbourne's engagement in decision making on key local issues.	61	Indexed mean score.

6 Financially responsible corporation

6.1	Annual financial plan targets; within plus or minus five per cent variation to budget financial performance surplus.	Actual surplus: $14.8 million compared with budget surplus $3.6 million.	Surplus exceeded budget largely due to external contributions received for capital and Victorian Government Parking Levy.
6.2	Total revenue.	Actual revenue: $264.1 million compared with budget $247.2 million.	Higher revenue was largely the result of higher external grants.
6.3	Total operating expenditure.	Actual operating expenditure: $247.3 million compared with budget $243.5 million.	Variance less than two per cent.
6.4	Council works program.	The total value of works was $97 million. 97.6 per cent of projects completed after adjustment for CH_2, child care and parking levy projects.	
6.5	Rate of investment portfolio return.	Cash investment return: 5.25 per cent compared with budget 5.75 per cent.	Investment returns on cash were adversely affected by fixed interest investments.

Performance statement

Our performance statement is a statement of performance against targets set in our *City of Melbourne 2005-2006 Annual Plan and Budget*. This statement addresses the key strategic activities we planned to complete in 2005-06 and includes explanations of the targets and our results. The statement is subject to internal and external audits.

Performance against key strategic activities

KSA 1.1

Finalise a new *Melbourne Transport Strategy* in partnership with the Department of Infrastructure, to rationalise use of available transport infrastructure, increase access and minimise congestion, increase use of public transport and cycling and walking as means of transport and to facilitate greater freight movement.

Performance measure and target	Achievements	Issues	Per cent complete
Draft *Melbourne Transport Strategy* prepared for Council by November 2005.	The draft *Melbourne Transport Strategy* was released for public consultation in February 2006. Members of the community were invited to give comments on the strategy. Three academics also gave recommendations on major transport solutions. An implementation plan to drive us in achieving recommendations of the *Melbourne Transport Strategy* has also been drafted.	The draft *Melbourne Transport Strategy* and its implementation plan will be presented to the Melbourne City Council's Planning and Environment Committee for endorsement in August 2006.	90 (Target completion date is August 2006)

KSA 2.1

Redevelop the Bourke Street Mall.

Performance measure and target	Achievements	Issues	Per cent complete
Redevelopment of Bourke Street Mall completed by early November 2005.	The Bourke Street Mall redevelopment was completed in February 2006. Redevelopment included new paving, trees, catenary lighting and tram stops.	Nil	100

KSA 2.2

Host the Mayor's Asia-Pacific Environmental Summit (MAPES) to facilitate the transfer of information and technology on sustainable environmental management practices and highlight Australia's capabilities in this field.

Performance measure and target	Achievements	Issues	Per cent complete
The Mayor's Asia-Pacific Environmental Summit is successfully held in April 2006.	The Mayor's Asia-Pacific Environmental Summit was held, successfully hosting 80 delegates from 17 countries from across the Asia-Pacific region. Attendees included the Vice-Governor of Phnom Penh, Cambodia, and the mayors of Hiroshima, Japan; Kolkata, India; and Rawalpindi, Pakistan. • Successfully raised awareness of Melbourne in the Asia-Pacific as a regional and world leader in sustainability planning and policy. • Delivered event on time and within budget. • Provided a unique opportunity for Melbourne environment businesses to interact with and expose themselves to some of the largest cities in the Asia-Pacific. • Provided opportunities for delegates to interact with Australia's largest environment business conference and trade show, ENVIRO.	We were unable to raise sponsorship interest from the private sector. Early interest from several private sector firms was not converted into MAPES sponsorship dollars. We feel this is due, in part, to the need for a better 'sell' of the event and to the need for approaches to be made much earlier in companies' financial planning cycles. We are confident that a different result would be obtained if the event was to be held again in Melbourne in 2008 – by approaching potential sponsors 12-18 months before the staging of the event.	100

KSA 3.1

Deliver the City of Melbourne’s contribution to the 2006 Commonwealth Games.

Performance measure and target	**Achievements**	**Issues**	**Per cent complete**
The *Commonwealth Games City Management Plan* (the cross-corporate plan for the Games) is finalised by December 2005.	The City Management Plan, 330 pages of Games planning guidelines and instructions, was completed in February 2006. Copies of this document were distributed to 40 staff members for use during the Games. Cities bidding for future Commonwealth Games have requested copies of this document.	Differences in planning timelines between the Office of Commonwealth Games Coordination and the City of Melbourne caused a slight delay in the completion of this document.	100
The Tripartite Memorandum of Understanding between the City of Melbourne, Office of Commonwealth Games Co-ordination and the Melbourne 2006 Commonwealth Games is agreed.	A Tripartite Memorandum of Understanding was developed between the City of Melbourne, the Office of Commonwealth Games Coordination and the Melbourne 2006 Commonwealth Games. The memorandum was signed by the City of Melbourne's Chief Executive, the Executive Director of the Office of Commonwealth Games Coordination and the Chief Executive Officer of the Melbourne 2006 Commonwealth Games on 24 January 2006.	The memorandum was signed three months later than the City of Melbourne had proposed. Complexities in negotiation led to delays, but the agreement was successfully finalised two months before the opening of the Games.	100
The Commonwealth Games Legacy Plan is developed by December 2005	A Games legacy report, *Investment and Return from the 2006 Commonwealth Games*, was completed in August 2005. To build on benefits created during the Games, a *Post-Games Implementation* Plan is being developed. This plan will help the organisation build on opportunities created by the Games. Opportunities covered in the plan include: using manuals, documents and maps from Games agencies for Melbourne events such as Moomba and New Year's Eve; and using Games processes and procedures in future city operations.	Identifying and defining all the enduring benefits of the Games is a long-term project. Work in this area will continue for another year, and will be reported on in 2006-07.	80 (Target completion date is June 2007)

KSA 3.1

Deliver the City of Melbourne's contribution to the 2006 Commonwealth Games.

Performance measure and target	Achievements	Issues	Per cent complete
An effective internal communication structure is implemented by July 2005 to ensure Commonwealth Games planning is coordinated, integrated and monitored across Council.	An effective structure for internal Commonwealth Games related communication was developed. All Games planning groups were involved, including: the Office of the Chief Executive, Directors Forum, Commonwealth Games Internal Working Group; Operations and Special Projects Control Groups and other working groups.	Work area debriefs to be conducted to inform post-event report.	100
The City of Melbourne's formal budget contribution for the 2006 Commonwealth Games is established by July 2005.	The 2005-06 Commonwealth Games budget was approved by the Melbourne City Council in July 2005. The *2005-06 Annual Plan and Budget* gives details of all Games-related spending. The City of Melbourne's total financial contribution was $30.95 million.	Final Games-related invoices are being processed following the conclusion of the 2005-06 financial year. All agreed recoveries are also being sought from external agencies. Following this process, the City of Melbourne will announce its final Games budget position.	90 (Target completion date is August 2006)
The Commonwealth Games Six-to-Six Human Resources Strategy is developed and implemented to ensure impacts and opportunities for staff arising from the Commonwealth Games are considered and managed.	The City of Melbourne's Six-to-Six Workforce Management Strategy was finalised in September 2005. The first six months of the plan have been successfully completed. No major workforce management issues were reported before the Games, and no City of Melbourne staff were lost to Commonwealth Games agencies.	The final six months of the Six-to-Six Workforce Management Strategy are now in progress.	90 (Target completion date is September 2006)

KSA 4.1

Finalise a new waste minimisation strategy for the municipality.

Performance measure and target	Achievements	Issues	Per cent complete
Draft waste minimisation strategy is distributed for community comment by July 2005 and strategy is finalised by November 2005.	The draft *Waste Management Strategy* was endorsed by the Melbourne City Council in November 2005.	Nil	100
At least one innovative program developed to support implementation of the *Waste Management Strategy.*	The City of Melbourne partnered with Sustainability Victoria to implement the 'waste' component of the City of Melbourne's Savings in the City program for city hotels. The City of Melbourne also supported the inclusion of city hotels in the Victorian Government's Waste Wise Business Network. The *Waste Management Strategy* was also supported through the City of Melbourne's Sustainable Living in the City program to help residents in flats, units and apartments with waste reduction, recycling and energy and water conservation. The City of Melbourne's Building Improvement Partnership program also supports the *Waste Management Strategy*, encouraging builders to minimise waste, recycle and to choose sustainable materials during office fit-outs.	Nil	100

KSA 5.1

Complete the construction and fit-out of Council House 2 (CH_2)

Performance measure and target	Achievements	Issues	Per cent complete
Council House 2 (CH_2) is completed and occupied by June 2006.	Construction of CH_2 is well advanced and is expected to be completed in August 2006. The official launch date is set for 20 August 2006.	The two-month delay was a result of contractor time extensions. State-wide industrial disputes and inclement weather slowed progress significantly.	90 (Target completion date is September 2006)

KSA 6.1

Complete Docklands Due Diligence, Memorandum of Agreement and Place Management Model and facilitate the integration of Docklands municipal functions to City of Melbourne.

Performance measure and target	Achievements	Issues	Per cent complete
Docklands Due Diligence work endorsed and certified by External Auditor by 31 July 2005.	Due Diligence and external audit of all assets and liabilities associated with the municipal function of Docklands completed. External auditors, RSM Bird Cameron, completed a review of actions arising from the Due Diligence process in May 2006.	The audit report recognised the City of Melbourne's processes for ensuring transition issues are dealt with. The report includes suggestions for further warranties from VicUrban. Monitoring will continue until the completion of the Docklands management transition.	100
Deed of protocol/agreement prepared between the Victorian Government and the City of Melbourne regarding the transfer of VicUrban municipal functions by 30 November 2005.	A Deed of Protocol to drive future governance arrangements for Docklands has been prepared and approved by City of Melbourne officers. The deed has been reconciled with draft Victorian Government legislation and continues to be refined as negotiations with the government continue. The Deed of Protocol will go to the Docklands and Major Projects Committee and the Melbourne City Council for approval in August 2006.	Negotiations with the Victorian Government are continuing.	90 (Target completion date is August 2006)
Deed of protocol/agreement in place between the Victorian Government (including VicUrban and Parks Victoria) and the City of Melbourne to establish a coordinating and planning body to oversee place management of Docklands waterways and waterfront by 30 November 2005.	The Deed of Protocol referred to in KSA 6.1 is the primary document on governance arrangements for Docklands waterways and waterfront. A separate arrangement for all waterways including the Yarra River up to the Punt Road Bridge was envisaged. However, we have decided that a separate agreement is no longer necessary/relevant.	Due to the Victorian Government reconsidering its approach to the management of waterways, a separate agreement is no longer necessary.	100
Draft legislation to facilitate the transfer of Docklands municipal functions to City of Melbourne developed by 31 May 2006.	The fourth draft of legislation is basically complete. The legislation was to be introduced to the April session of Parliament but it has been put on hold until discussions on the treatment of accumulated deficit can be resolved.	Legislation will not proceed until all issues have been agreed between the City of Melbourne and the Victorian Government.	80 (Target completion date is August 2006)

Statement by Councillors, Chief Executive Officer and Principal Accounting Officer on the performance statement

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

Martin Cutter (FCA)
Principal Accounting Officer

In Council's opinion the accompanying compulsory performance statement presents fairly the performance of the Melbourne City Council for the year ended 30 June 2006.

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

Signed in accordance with a resolution of Council dated 29 August 2006.

John So

John So
Lord Mayor

Brian Shanahan
Councillor

David Pitchford

David Pitchford
Chief Executive

Melbourne
29 August 2006

AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Melbourne City Council

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This audit report for the financial year ended 30 June 2006 relates to the performance statement of Melbourne City Council included on its web site. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

Scope

The Performance Statement

The accompanying performance statement for the year ended 30 June 2006 of Melbourne City Council consists of the statement, the related notes and the Statement by Councillors, Chief Executive and Principal Accounting Officer on the Performance Statement.

Councillors' Responsibility

The Councillors of Melbourne City Council are responsible for the preparation and presentation of the performance statement and the information it contains.

Audit Approach

As required by the *Local Government Act* 1989, an independent audit has been carried out in order to express an opinion on the performance statement. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the statement
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the statement.

These procedures, which did not extend to an assessment of the relevance or the appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act* 1989.

The audit opinion expressed in this report has been formed on the above basis.

AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

Independence

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

Audit Opinion

In my opinion, the performance statement of the Melbourne City Council in respect of the 30 June 2006 financial year is presented fairly in accordance with the *Local Government Act* 1989.

MELBOURNE
1 September 2006

JW CAMERON
Auditor-General

CITY OF MELBOURNE

OUR FINANCIALS

Understanding our financials 114

Standard statements 117

Basis of preparation 117

Standard statement of income 118

Standard statement of balance sheet 120

Standard statement of cash flows 122

Standard statement of council works 124

Financial statements 126

Income statement 126

Balance sheet 127

Statement of cash flows 128

Statement of changes in equity 129

Notes to and forming part of the financial report 130

Note 1. Significant accounting policies 130

Note 2. Operating result attributable to functions/activities 137

Revenues from ordinary activities 138

Note 3. Revenues from ordinary activities 139

Expenses from ordinary activities 142

Note 4. Expenses from ordinary activities 142

Assets 143

Note 5. Trade and other receivables 143

Note 6. Inventories 143

Note 7. Other financial assets 144

Note 8. Other current assets 144

Note 9. Property, plant, equipment and infrastructure 145

Note 10. Intangible assets 150

Note 11. Investment property 151

Liabilities

Note 12. Trade and other payables 152

Note 13. Employee benefits 152

Note 14. Provisions 153

Equity

Note 15. Reserves 154

Other disclosures

Note 16. Gain/(loss) on sale of fixed assets 156

Note 17. Investments accounted for using the equity method 157

Note 18. Cash flow information 158

Note 19. Commitments 159

Note 20. Contingent liabilities and contingent assets 160

Note 20(a). Events subsequent to balance date 160

Note 21. Superannuation 160

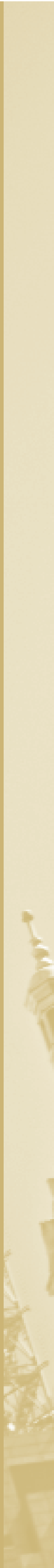
Note 22. Related party transactions 162

Note 23. Financial Instruments 165

Note 24. Financial ratios 169

Statement by Councillors, Chief Executive Officer and Principal Accounting Officer 170

Auditor-General’s Report on the Financial Report 171



City of Melbourne
OUR FINANCIALS

Prepared in accordance with the *Local Government Act* (1989), *Local Government Regulations* (2001), and applicable Australian Accounting Standards.

Understanding our financials

For the year ended 30 June 2006

What do financial statements show?

Our financial statements provide an insight into the City of Melbourne's financial health. Our financial statements show:

- how the City of Melbourne and its subsidiaries performed during the year;
- the value of assets held by the City of Melbourne; and
- the ability of the City of Melbourne to pay its debts.

How are the financial statements audited?

These financial statements are prepared in accordance with the *Local Government Act* (1989) and the Australian Accounting Standards. They are audited by the Victorian Auditor-General, approved in principle by the City of Melbourne's Audit Committee and by Melbourne City Council. These auditing measures ensure the information provided is correct.

The City of Melbourne has received a clear audit of its financial statements for 2005-06.

What's in the financial statements?

The financial statements consist of four financial reports, explanatory notes supporting the reports and endorsement from the Melbourne City Council and the Victorian Auditor-General. The four financial reports are:

- Income statement;
- Balance sheet;
- Statement of cash flows; and
- Statement of changes in equity.

The explanatory notes detail the City of Melbourne's accounting policies and the make-up of values contained in the statements.

Consolidated and Council

Our financial statements show our results for the last two years in two columns.

Consolidated

This column shows the City of Melbourne's financial results including subsidiary companies.

Council

This column shows the City of Melbourne's financial results excluding our subsidiary companies.

Our subsidiary companies are companies owned by the City of Melbourne, but managed independently. Subsidiary companies included in our financial statements are:

- CityWide Service Solutions;
- the Queen Victoria Market; and
- the Melbourne Wholesale Fish Market.

The City of Melbourne has 100 per cent ownership of these subsidiaries. Our Sustainable Melbourne Fund Trust is also included in the consolidated financial reports, but this is a trust and not a subsidiary company.

Understanding our financials (continued)

For the year ended 30 June 2006

Our financial statements

Read on for a brief explanation of our four financial statements.

1. Income statement

The *Income Statement* (sometimes called a 'profit and loss statement') shows how well we have performed during the year.

This statement is prepared on an accrual basis, which means that all revenue and costs for the year are recognised even though the income may not yet be received or expenses not yet paid. The statement lists the sources of the City of Melbourne's revenue under income headings (such as rates; grants; parking fines) and the expenses incurred in running the City of Melbourne during the year (such as employee costs; contract payments).

Expenses included in the *Income Statement* relate only to our operations (our day-to-day running costs). Costs associated with the purchase or building of assets are not included in the *Income Statement.* However, depreciation (the value of an asset that is used up during the year) is included.

The key figure to look at is the 'surplus for the year' figure. A surplus means that our revenue was greater than our expenses. Being in surplus for the year is equivalent to being in profit.

For 2005-06, the *Income Statement* is in surplus. This means that in 2005-06, the City of Melbourne created sufficient funds to replace infrastructure assets when they needed to be replaced and met all our expenditure commitments.

2. Balance Sheet

The *Balance Sheet* (formerly called the Statement of Financial Position) shows the assets the City of Melbourne owns and what it owes (its liabilities) as at 30 June.

Assets and liabilities are separated into 'current' and 'non-current'. Current assets or liabilities will fall due in the next 12 months, such as money owed to the City of Melbourne by ratepayers (a current asset), or the amount provided to pay employees when they take annual leave (a current liability).

Non-current assets and liabilities will fall due beyond 12 months, or will not be converted to cash in the next 12 months, such as roads owned by the City of Melbourne (a non-current asset), or the amount paid to employees when they take long service leave (a non-current liability).

Assets, with the exception of assets held at cost, are reviewed each year to ensure they reflect their true value. The bottom line of the *Balance Sheet* is Net Assets. This is the net worth of the City of Melbourne, built up over many years.

As at June 2006, our *Balance Sheet* shows that the City of Melbourne is in a sound financial position. Our current assets are 260 times our current liabilities. This means that for every one dollar of current liabilities, the City of Melbourne has $2.60 of current assets to pay the debt. This demonstrates that the City of Melbourne has sufficient funds on hand to pay liabilities as they fall due.

3. Statement of Cash Flows

The *Statement of Cash Flows* summarises our cash receipts and payments for the financial year and shows the net increase or decrease in cash held by the City of Melbourne. The *Statement of Cash Flows* represents cash 'in hand', whereas the *Income Statement* is prepared on an accrual basis (including money not yet paid or spent). This means the values in both statements may differ.

The City of Melbourne's cash arises from, and is used in, two main areas:

- the 'cash flows from operating activities' section summarises all income and expenses relating to the City of Melbourne's delivery of services; and
- the 'net cash provided by operating activities' figure must be in a surplus to ensure we can maintain our day-to-day operations and provide funds for future community assets.

The 'cash flows from investing activities' refers to the City of Melbourne's capital works expenditure or other long-term revenue producing assets, as well as money received from the sale of assets.

During the past few years, the City of Melbourne has operated with a net outflow of cash. An outflow of cash means that the City of Melbourne has decreased cash holdings as cash payments exceeded cash receipts. In 2005-06, our cash at the end of the financial year decreased by $44.058 million largely as a result of expenditure on CH$_2$, our new administrative building.

Understanding our financials (continued)

For the year ended 30 June 2006

4. Statement of Changes in Equity

The *Statement of Changes in Equity* summarises changes in the City of Melbourne's net worth. Our net worth can change as a result of:

- a surplus (profit) or deficit (loss) recorded in the *Income Statement*;
- the use of monies from the City of Melbourne's reserves (such as the public open space reserve, used to fund capital projects); or
- an increase in the value of non-current assets resulting from a revaluation of those assets.

With re-valued assets, the increased value amount is transferred to an Asset Revaluation Reserve until the asset is sold.

The note column

Our financial statements contain a note column, with additional information relating to an item. Notes are particularly useful where there has been a significant change from the previous year's comparative figure.

Our standard statements

Our standard statements provide a comparison between the actual results for the year and the budget that was set at the start of the year. Any major differences are explained in the accompanying notes.

The standard statements section includes three of the four statements mentioned above *(Income Statement, Balance Sheet and Statement of Cash Flows)* together with another statement, the *Statement of Council Works.*

The *Statement of Council Works* sets out our expenditure on maintaining, creating or buying property, infrastructure, plant and equipment assets. This statement shows how much has been spent on renewing, refurbishing, upgrading, expanding or creating new assets.

Statement by Councillors, Chief Executive Officer and Principal Accounting Officer

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of the City of Melbourne, that in his (or her) opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two councillors on behalf of the Melbourne City Council that, in their opinion, the financial statements are fair and not misleading.

Auditor-General's Report on the Financial Report

This document provides a written undertaking of the accuracy, fairness and completeness of the accounts. The audit report from the Auditor-General provides an independent view of the statements and advises the reader if there are any issues of concern.

No issues were raised by the Auditor-General in regard to the 2005-06 statements.

Who do we work with?

- The City of Melbourne's external auditor is the Victorian Auditor-General.
- The City of Melbourne's internal auditor is Ernst & Young.
- The City of Melbourne's banker is Westpac Banking Corporation.

Definitions

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

Acronyms used in these notes include:

A-IFRS:	Australian equivalents to International Financial Reporting Standards
IFRS:	International Financial Reporting Standards
GAAP:	Generally Accepted Accounting Principles
AASB:	Australian Accounting Standards Board
GST:	Goods and Services Tax
PINS:	Parking Infringement Notice System
VAGO:	Victorian Auditor General's Office

Standard statements

Basis of preparation

The City of Melbourne is required to prepare and include audited standard statements within its annual report. Under the *Local Government Act* (1989), four statements (and explanatory notes) are required:

- a standard statement of income;
- a standard statement of balance sheet;
- a standard statement of cash flow; and
- a standard statement of council works.

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

The standard statements have been prepared on accounting bases consistent with those used for the financial reports and the budget. The results reported in these statements are consistent with those reported in the financial report. They are not a substitute for the financial reports, also included in the annual report, and have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The standard statements compare the City of Melbourne's financial plan, expressed through its annual budget, with actual performance. The *Local Government Act* (1989) requires explanation of any material variances. The City of Melbourne has adopted a materiality threshold of five per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the standard statements are those adopted by the Melbourne City Council on 21 June 2005. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Melbourne City Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the City of Melbourne's business plan and financial performance targets for both the short and long term.

The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable. Detailed information on the actual financial results is contained in the financial reports.

The detailed budget can be obtained by consulting the City of Melbourne's website: **www.melbourne.vic.gov.au** or by calling the City of Melbourne: 9658 9658.

The standard statements must be read with reference to these documents.

Standard statements

For the year ended 30 June 2006

Standard statement of income

	Actuals 2005-06 $'000	Budget 2005-06 $'000	Variance $'000	%	Ref.
Revenue from ordinary operations					
Rates	127,769	126,340	1,429	1%	
Grants and other contributions					
• Operating	8,393	5,414	2,979	55%	1
• Capital contributions	16,413	5,866	10,547	180%	2
Parking fees	27,668	32,028	(4,360)	(14%)	3
Fines	37,657	37,553	104	0%	
Property revenue	10,506	6,899	3,607	52%	4
Other fees and charges	11,675	11,376	299	3%	
Intercompany revenue	11,085	10,962	123	1%	
Finance income	8,156	8,251	(95)	(1%)	
Sales and recoveries	4,819	2,474	2,345	95%	5
Total revenue	264,141	247,163	16,978	7%	
Expenses from ordinary operations					
Employee benefit expense	76,962	75,520	(1,442)	(2%)	
Contract payments, materials and services	111,242	107,932	(3,310)	(3%)	
Depreciation and amortisation	32,036	34,696	2,660	8%	6
Financial costs	12,619	11,125	(1,494)	(13%)	7
Other expenses	14,475	14,234	(241)	(2%)	
Total expenses	247,334	243,507	(3,827)	(2%)	
Share of net profit/(loss) of associates and joint venture	95	–	95	100%	
Net gain/(loss) on disposal of property, plant and infrastructure	(3,574)	(100)	(3,474)	3,474%	8
Contributed assets	1,520	–	1,520	100%	9
Surplus for the year	**14,848**	**3,556**	**11,292**	**318%**	

Standard statements

For the year ended 30 June 2006

Standard statement of income – comparison report

Ref.	Item	Commentary
1	Grants and other contributions (revenue) – operating	Favourable variance largely due to contributions for: • Melbourne Mobility Centre ($0.503m); • Commonwealth Games cleaning and waste services ($0.650m); • Victory in the Pacific commemoration event ($0.200m); • natural disaster relief fund (February 2005 storms) ($0.320m); and • parking levy contribution (operating) ($0.374m).
2	Grants and other contributions (revenue) – capital	Favourable variance due to additional contributions for: • parking levy contribution (capital) ($4.626m); • *The Travellers* public art project on Sandridge Bridge ($2.400m); • Bourke Street Mall redevelopment ($1.500m); • Royal Park wetland ($0.500m); • public open space ($0.765m); • Queensbridge Square ($0.250m); • turf restatement following Commonwealth Games ($0.318m); and • Lincoln Square Bali Memorial ($0.185m).
3	Parking fees	Lower occupancy rates and higher than anticipated down-time of meter stock resulted in the revenue shortfall for parking fees.
4	Property revenue	Favourable variance results from the gain on investment revaluation of assets ($3.840m). A-IFRS requires the reporting of gains/(losses) on revaluation of investment properties be recorded in the Income Statement.
5	Sales and recoveries	Favourable variance largely explained by additional recoveries received for work undertaken in relation to: • the Commonwealth Games ($0.608m); • Docklands ($0.376m); • World Cup Live Sites ($0.120m); • Volvo Ocean race stopover ($0.436m); and • AFL September Club, Mothers' Day Classic, and Melbourne Spring Fashion Week ($0.230m).
6	Depreciation and amortisation expense	Favourable variance resulted from a change in accounting standards which requires investment properties not to be depreciated ($1.262m) and delay in the completion of some capital projects.
7	Finance costs	Unfavourable variance due to doubtful debts provided for the outstanding debt by Major Projects Victoria for reimbursement of contaminated soil cleanup at Birrarung Marr and Royal Park wetland ($1.019m) and additional provision for Parking Fines ($0.917m).
8	Net gain/(loss) on disposal of property, plant and infrastructure	Following a Victorian Government decision, several road closures were gazetted in the last quarter. These were not included in the budget, resulting in an unfavourable adjustment of $3.309m.
9	Contributed assets	Recognition arising from the discontinued portions of five road reserves. These reserves were transferred from the Victorian Government and recognised as parks in the City of Melbourne's asset register.

Standard statements

For the year ended 30 June 2006

Standard statement of balance sheet

	Actuals 2005-06 $'000	Budget 2005-06 $'000	Variance $'000	%	Ref.
Assets					
Current assets					
Cash and cash equivalents	113,969	89,089	24,880	28%	1
Trade and other receivables	25,069	22,428	2,641	12%	2
Other assets	3,805	3,600	205	6%	3
Total current assets	142,843	115,117	27,726	24%	
Non-current assets					
Other financial assets	31,867	36,511	(4,644)	(13%)	4
Investments accounted for using the equity method	5,187	5,092	95	2%	
Intangible assets	5,194	–	5,194	100%	5
Property, plant and infrastructure	2,021,346	2,085,102	(63,756)	(3%)	5
Investment property	60,680	–	60,680	100%	5
Total non-current assets	2,124,274	2,126,705	(2,431)	(0.1%)	
Total assets	2,267,117	2,241,822	25,295	1%	
Liabilities					
Current liabilities					
Trade and other payables	33,215	32,108	(1,107)	(3%)	
Employee benefits	16,949	9,350	(7,599)	(81%)	6
Provisions	320	1,777	1,457	82%	
Total current liabilities	50,484	43,235	(7,249)	(17%)	
Non-current liabilities					
Employee benefits	3,064	8,327	5,263	63%	6
Total non-current liabilities	3,064	8,327	5,263	63%	
Total liabilities	53,548	51,562	(1,986)	(4%)	
Net assets	**2,213,569**	**2,190,260**	**23,308**	**1%**	
Equity					
Accumulated surplus	1,392,503	1,419,848	(27,345)	(2%)	
Reserves	821,066	770,412	50,654	7%	
Total equity	**2,213,569**	**2,190,260**	**23,308**	**1%**	

Standard statements

For the year ended 30 June 2006

Standard statement of balance sheet – comparison report

Ref.	Item	Commentary
1	Cash and cash equivalents	Higher cash due to the delay in completing CH_2 and the capital program.
2	Trade and other receivables (asset)	Other debtors are higher than budgeted because of outstanding debts related to external contributions for capital and outstanding intercompany taxes and dividends receivable. Debts associated with these contributions were unbudgeted.
3	Other assets	Dividends and tax equivalents receivable from CityWide Solutions slightly higher than budget.
4	Other financial assets	A loan to CityWide of $5m was budgeted, but the facility remained unused at the end of the year.
5	Intangible assets, property, plant and infrastructure and investment properties	The total movement in these classes of assets is less than one per cent. New accounting standards have required computer software to be classified as intangible assets and investment properties to be separately disclosed from property, plant and infrastructure.
6	Employee benefits	Employee benefits have increased by $2.336m, representing the impact of the enterprise bargaining increases on the provision for annual leave and long service leave. It should be noted that the actual financial result for employee benefits have been restated after discussion with the Auditor General, resulting in a significant reclassification of leave balances from non current to current.

Standard statements

For the year ended 30 June 2006

Standard statement of cash flows

	Actuals 2005-06 $'000	Budget 2005-06 $'000	Variance $'000	%	Ref.
Surplus for the year	**14,848**	**3,556**	**11,292**		
Add back non-cash items					
Depreciation	32,036	34,696	(2,660)	(8%)	1
Loss/(profit) on sale of assets	3,574	100	3,474	100%	2
Recognition of increase in investments	(95)	–	(95)	100%	
Contributed assets	(1,520)	–	(1,520)	100%	3
Investment properties – valuation increment	(3,840)	–	(3,840)	100%	4
Surplus before non-cash items	45,003	38,352	6,651	17%	
Total movement in working capital plus provisions	1,691	1,131	560	50%	5
Capital					
Capital expenditure	(94,695)	(98,552)	3,857	(4%)	
Payment from CityWide loan	68	(4,600)	4,668	100%	6
Proceeds from sale of assets	1,120	1,620	(500)	(31%)	7
Cash inflow/(outflow)	**(46,814)**	**(62,049)**	**15,235**	**(25%)**	
Represented by:					
Movement in cash investments	**(46,814)**	**(62,049)**	**15,235**	**(25%)**	

Standard statements

For the year ended 30 June 2006

Standard statement of cash flows – comparison report

Ref.	Item	Commentary
1	Depreciation	A change in accounting standards which requires investment properties not to be depreciated ($1.262m) and delays in the completion of some capital projects has resulted in lower than budgeted depreciation.
2	Loss/(profit) on sale of assets	Following a Victorian Government decision, several road closures were gazetted in the last quarter. These were not included in the budget, resulting in an unfavourable adjustment of $3.309m.
3	Contributed assets	Recognition arising from the discontinued portions of five road reserves. These reserves were transferred from the Victorian Government and recognised as parks in the City of Melbourne's asset register.
4	Investment properties – revaluation increment	New accounting standards require the increments/(decrements) in the valuation of investment properties to be reported in the income statement. This was not budgeted.
5	Movement in working capital	Reflects the seasonality of working capital and increase in employee entitlements as at 30 June 2006.
6	Payment from CityWide loan	A loan to CityWide of $5m was budgeted, but the facility remained unused at the end of the year. The actual cash inflow relates to repayments by CityWide on a loan made in 2004-05.
7	Proceeds from sale of assets	The unfavourable variance has arisen because no lane sales occurred during the year. Proceeds from lane sales were budgeted at $0.5m.

Standard statements

For the year ended 30 June 2006

Standard statement of council works

	Actuals 2005-06 $'000	Budget 2005-06 $'000	Variance $'000	%	Ref.
Maintenance					
Capital grants	1,395	1,007	388	39%	
Maintenance	4,287	4,836	(549)	(11%)	
Total maintenance	**5,682**	**5,843**	**(161)**	**(3%)**	
Capital works					
New works/upgrade	48,614	64,055	(15,441)	(24%)	
Renewal/refurbishment	20,964	24,997	(4,033)	(16%)	
Strategic projects	21,930	9,500	12,430	131%	
Total capital expenditure	**91,508**	**98,552**	**(7,044)**	**(7%)**	**1**
Total council works expenditure	**97,190**	**104,395**	**(7,205)**	**(7%)**	

Standard statements

For the year ended 30 June 2006

Standard statement of council works

Ref.	Item	Commentary
1	Capital expenditure	The City of Melbourne's accommodation project, CH2, did not progress as expected, resulting in the carrying forward of $12.6m funding to the 2006-07 Council Works Program. This largely explains why the budgeted council works program was not fully achieved. Highlights of the year included the completion of many major projects ahead of the Commonwealth Games, including: • Queensbridge Square (including Sandridge Bridge) ($15.314m); • Redevelopment of Bourke Street Mall ($ 6.614m); • Argyle Square Piazza Development ($3.162m); • East Melbourne Community Centre ($2.900m); • renewal of roadways and footpaths ($5.251m); and • a parks renewal program (3.451m).

Financial statements

For the year ended 30 June 2006

Income statement

	Consolidated			Council	
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
Revenues from ordinary operations					
Rates	127,766	119,191	1(d),3(a)	127,769	119,191
Grants and other contributions	24,423	21,360	1(d),3(d)	24,806	21,316
Parking fees	30,732	29,170	3(b)	27,668	26,413
Fines	37,657	34,468	1(d)	37,657	34,468
Property revenue	24,319	22,224		10,506	8,997
Other fees and charges	67,110	58,663		11,675	11,726
Intercompany revenue	–	–		11,085	10,895
Finance income	8,891	10,992	3(c)	8,156	10,313
Sales and recoveries	9,286	8,337		4,819	4,558
	202,418	185,214		136,372	128,687
Total revenue	**330,184**	**304,405**		**264,141**	**247,878**
Expenses from ordinary operations					
Employee benefit expense	106,069	99,312	4(a)	76,962	70,170
Contract payments, materials and services	137,117	118,846	4(b)	111,242	100,949
Depreciation and amortisation	36,944	36,427	4(c)	32,036	31,798
Finance costs	14,051	11,810	4(d)	12,619	10,560
Other expenses	14,568	17,075	4(e)	14,475	16,949
Total expenses	**308,750**	**283,469**		**247,334**	**230,425**
Share of net profits/(loss) of associates and joint venture	(197)	(159)	17	95	136
Net gain/(loss) on disposal of property, plant and infrastructure	(3,470)	(3,192)	16	(3,574)	(3,437)
Contributed assets	1,520	–		1,520	–
Surplus for the year	**19,288**	**17,585**		**14,848**	**14,152**

This income statement should be read in conjunction with its accompanying notes on pages 137 to143.
The income statement is represented at **Note 2(a) and (b)** on the basis of functional activity. Refer to pages 137 to 138 for details.

Financial statements

For the year ended 30 June 2006

Balance sheet

	Consolidated			Council	
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
Assets					
Current assets					
Cash and cash equivalents	129,172	173,230	**18**	113,969	160,784
Trade and other receivables	33,021	32,248	**5**	25,069	25,067
Accrued income	2,059	4,245		1,404	3,583
Inventories	373	428	**6**	–	–
Other	856	748	**8**	2,401	2,509
Total current assets	**165,482**	**210,900**		**142,843**	**191,943**
Non-current assets					
Other financial assets	3,042	3,042	**7**	31,867	31,934
Investments accounted for using the equity method	4,500	4,696	**17**	5,187	5,092
Net assets of City of Melbourne's defined benefits superannuation fund	2,172	1,531	**1(f), 21**	–	–
Intangible assets	5,711	4,993	**10**	5,194	4,477
Property, plant and infrastructure	2,065,257	1,943,194	**9**	2,021,346	1,903,946
Investment property	60,680	56,629	**11**	60,680	56,629
Total non-current Assets	**2,141,362**	**2,014,086**		**2,124,274**	**2,002,078**
Total assets	**2,306,843**	**2,224,985**		**2,267,117**	**2,194,020**
Liabilities					
Current liabilities					
Trade and other payables	43,021	45,114	**12**	33,215	38,688
Employee benefits	21,333	19,417	**13(a)**	16,949	15,312
Provisions	318	1,165	**14**	320	669
Total current liabilities	**64,672**	**65,696**		**50,484**	**54,669**
Non-current Liabilities					
Employee benefits	3,950	2,988	**13(b)**	3,064	2,660
Total non-current liabilities	**3,950**	**2,988**		**3,064**	**2,660**
Total liabilities	**68,622**	**68,684**		**53,548**	**57,329**
Net assets	**2,238,222**	**2,156,302**		**2,213,569**	**2,136,690**
Equity					
Accumulated surplus	1,409,855	1,389,227		1,392,503	1,374,991
Reserves	828,367	767,077	**15**	821,066	761,699
Total equity	**2,238,222**	**2,156,302**		**2,213,569**	**2,136,690**

This balance sheet should be read in conjunction with its accompanying notes on pages 143 to 161.

Financial statements

For the year ended 30 June 2006

Statement of cash flows

	Consolidated			Council	
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
Cash flows from operating activities					
Receipts					
Rates, fees and charges (inclusive of GST)	289,042	270,627		223,586	203,515
Grants and other contributions (inclusive of GST)	26,381	23,086		26,764	23,042
Interest	8,850	10,954		8,115	10,275
Dividends received	41	38		2,924	2,642
Tax equivalents	–	–		2,329	2,343
Other (including sales and recoveries) (inclusive of GST)	25,953	18,158		20,745	16,777
Payments					
Employee benefit expense	(104,038)	(99,788)		(75,270)	(70,504)
Materials and services (inclusive of GST)	(167,302)	(153,479)		(143,120)	(129,101)
Finance costs (inclusive of GST)	(14,363)	(12,167)		(12,931)	(10,892)
Other (inclusive of GST)	(6,554)	(3,483)		(6,450)	(3,483)
Net cash provided by operating activities	**58,012**	**53,946**	**18(a)**	**46,694**	**44,613**
Cash flows from investing activities					
Proceeds from sale of property, infrastructure, plant and equipment	1,807	1,170		1,120	1,170
Payments for property, infrastructure, plant and equipment	(103,879)	(73,454)		(94,695)	(65,472)
Loans to subsidiaries	–	–		68	33
Net cash used by investing activities	**(102,072)**	**(72,284)**		**(93,507)**	**(64,269)**
Net increase/(decrease) in cash held	**(44,058)**	**(18,338)**		**(46,814)**	**(19,655)**
Cash at beginning of the financial year	**173,230**	**191,568**		**160,784**	**180,439**
Cash at end of the financial year	**129,172**	**173,230**	**18(b)**	**113,969**	**160,784**

This statement of cash flows should be read in conjunction with its accompanying notes on page 158.
Refer to Note 18(c) for restrictions on cash investments.

Financial statements

For the year ended 30 June 2006

Statement of changes in equity (consolidated)

		Total equity		Accumulated surplus		Asset revaluation reserve		Other reserves	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Balance at beginning of the financial year		**2,156,302**	**2,137,454**	**1,389,227**	**1,372,376**	**762,513**	**760,661**	**4,564**	**4,417**
Surplus for the year		19,288	17,585	19,288	17,585	–	–	–	–
Actuarial expense – City of Melbourne's defined benefits superannuation fund		(1,321)	(588)	(1,321)	(588)	–	–	–	–
Reserve for public open space	**15**	–	–	2,663	(146)	–	–	(2,663)	146
Asset revaluation	**15**	63,953	1,852	–	–	63,953	1,852	–	–
Balance at end of the financial year		**2,238,222**	**2,156,302**	**1,409,855**	**1,389,227**	**826,467**	**762,513**	**1,900**	**4,564**

This statement of changes in equity (consolidated) should be read in conjunction with its accompanying notes on pages 154–155.

Statement of changes in equity (council)

		Total equity		Accumulated surplus		Asset revaluation reserve		Other reserves	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Balance at beginning of the financial year		**2,136,690**	**2,120,562**	**1,374,991**	**1,360,985**	**757,135**	**755,160**	**4,564**	**4,417**
Surplus for the year		14,848	14,152	14,848	14,152	–	–	–	–
Asset revaluation	**15**	62,029	1,976	–	–	62,029	1,976	–	–
Reserve for public open space	**15**	–	–	2,664	(146)	–	–	(2,664)	146
Balance at end of the financial year		**2,213,569**	**2,136,690**	**1,392,503**	**1,374,991**	**819,166**	**757,135**	**1,900**	**4,564**

This statement of changes in equity (council) should be read in conjunction with its accompanying notes on pages 154 to 155.

Notes to and forming part of the financial report

For the year ended 30 June 2006

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

This financial report is a general purpose financial report consisting of a income statement, balance sheet, statement of changes in equity, cash flow statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the *Local Government Act* (1989), and the *Local Government (Finance and Reporting) Regulations* (2004).

International financial reporting standards

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

Note 1. Significant accounting policies

The significant policies, which have been adopted in the preparation of this financial report, are:

(a) Basis of preparation

This financial report has been prepared on the going concern basis and historical costs, except where otherwise stated, and accrual accounting principles. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes to comparatives.

Comparative information is included under A-IFRS. Reconciliations of the transition from previous Australian GAAP to A-IFRS have been included in Note 1(u) to this report.

(b) Principles of consolidation

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

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

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

(c) Taxation

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

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

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

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

(d) Fees, fines, charges, rates, grants, and other contributions

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

Fines are recognised as revenue when the penalty is imposed.

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

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

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

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 1. Significant accounting policies (continued)

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

(e) Intangibles

(i) Goodwill

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

(ii) Licences

Licences are recorded at cost and amortised on a straight line basis over a 20-month period.

(iii) 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 five-year period.

	Goodwill	Licences	Software
Useful lives	Indefinite	Finite	Finite
Method used	Not depreciated or re-valued	20 months – straight line	Five years – straight line
Internally generated/ acquired	Acquired	Acquired	Acquired
Impairment test/ recoverable amount test	Reviewed annually for indication of impairment	Amortisation method reviewed at each financial year-end	Amortisation method reviewed at each financial year-end Reviewed annually for indication of impairment

(f) Employee benefits

(i) Wages, salaries, annual and long service leave

Liabilities for employees' entitlements to wages and salaries, annual leave, and other employee benefits which are expected to be paid or settled within 12 months of balance date are accrued at nominal amounts calculated on the basis of 2005-06 wage and salary rates and payroll based on costs in accordance with AASB 119 (Employee benefits).

Liabilities for other employee benefits which are not expected to be paid or settled within 12 months of balance date are accrued as per AASB 119 (Employee benefits) at the present values of future amounts expected to be paid based on 4.5 per cent per annum projected weighted average increase in wage and salary rates and payroll based on costs over an average period of five years. Present values are calculated using the government guaranteed securities rates with similar maturity terms.

(ii) Superannuation

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

An asset is recognised in the consolidated financial statements as the Council's share of the scheme's assets, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The asset also includes applicable contributions tax of 17.6 per cent.

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

Details of these arrangements are set out in Note 21.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 1. Significant accounting policies (continued)

(g) Depreciation

Depreciation measures the service potential of buildings, infrastructure assets, plant and equipment consumed during the year. Interest in trees, land and artworks are not depreciated as they are considered to have either unlimited useful lives or to be self generating assets.

Depreciation is recognised on a straight-line basis over the useful lives of the assets to the economic entity. Depreciation rates are reviewed each financial year. The depreciation periods for the major classes of assets, which are consistent with the prior year, are as shown below.

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.

(h) Cash assets

For purposes of the statement of cash flows and the balance sheet, cash and cash equivalents includes short term deposits, bank bills and negotiable certificates of deposits which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of bank overdrafts.

Short-term deposits are stated at cost. Interest is recognised when earned. Short-term deposits, bank bills and negotiable certificates of deposits, as at 30 June 2006, had a weighted average duration of approximately 115 days (2005: 130 days) and a weighted average interest rate of 5.77 per cent (2005: 5.59 per cent).

Fixed interest securities are valued at cost.

(i) Receivables and payables

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

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

(j) Provision for doubtful debts

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

(k) Inventories

Inventories are valued at the lower of cost and net realisable value using the weighted average cost method of valuation.

(l) Investments

Investments in associate entities are accounted for using equity accounting principles.

(m) Joint venture

Melbourne City Council has a 60 per cent interest in the City Library Joint Venture with the Centre of Adult Education, which holds the other 40 per cent interest. The investment is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost in the Council financial statements.

(n) Property, plant, equipment and infrastructure

(i) Land under roads

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 (Land under roads) which extends the requirement to recognise and measure land under roads as an asset until 30 June 2007.

(ii) Capital and recurrent expenditure

As a general rule, material expenditure incurred in the purchase or development of assets is capital expenditure. Expenditure necessarily incurred in either maintaining the operational capacity of the non-current asset or ensuring that the original life estimate of the asset is achieved, is considered maintenance expenditure and is treated as an expense as incurred. Items of a capital nature with a total value of less than $2,000 (2005: $2,000) are treated as an expense.

(iii) Acquisition

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

The council's policy is to capitalise and depreciate individual capital expenditure over $2,000 (2005: $2,000).

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

(iv) Construction work in progress

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

	2005-06	2004-05
Buildings	10 to 50 years	10 to 50 years
Roads and laneways – seal	Seven to 10 years	Five to 10 years
Roads and laneways – substructure	18 to 88 years	18 to 89 years
Footpaths	Three to 50 years	Five to 50 years
Kerb and channel	15 to 50 years	33 to 50 years
Bridges	Five to 83 years	Six to 85 years
Drains	25 to 90 years	30 to 90 years
Plant and equipment	Three to 20 years	Three to 20 years
Furniture and fittings	Five years	Five years
Irrigation systems	10 to 20 years	10 to 20 years
Parks and gardens infrastructure	10 to 50 years	10 to 50 years
Statues, sculptures and artworks	Nil to 100 years	Nil to100 years
Other structures	Five to 50 years	Five to 50 years

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 1. Significant accounting policies (continued)

(v) Leases

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

(vi) Asset revaluation

All asset values not valued at cost were reviewed and where necessary valued as at 30 June 2006. The net increase in the asset revaluation reserve was $62.029 million for the Council and $63.953 million for the economic entity in 2005-06 (refer to note 15).

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

Revaluation decrements are recognised immediately as expenses, except that, to the extent that an increment balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

(vii) Valuation

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

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

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

(viii) Impairment

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

(o) Non-cash donations

Non-cash donations in excess of $2,000 value are recognised as revenue and as non-current assets at their fair value at date of receipt. Non-cash donations of less than $2,000 are not recognised where these are immaterial in total.

(p) Rounding

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

(q) Website costs

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

(r) Allocation between current and non-current

With the exception of employee entitlements, the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the Council's operational cycle.

For employee entitlements, long service leave entitlements for employees with more than 10 years service and all annual leave entitlements is classified as current. Long service leave entitlements for employees with less than 10 years service is classified as non current.

(t) Investment property

Investment property is held to generate long-term rental yields. All tenant leases are on arms length basis.

Investment property is carried at fair value, being market value assuming the highest and best use permitted by the relevant land use planning provisions or existing public use whichever is the greater. Valuation of investment properties at 30 June 2006 were determined by Paul Ferguson – Senior Valuer, Rates and David Slicer – Valuer, Valuations Branch. Changes to fair value are recorded in the income statement. Investment properties are not depreciated.

(u) Adoption of Australian equivalents to International Financial Reporting Standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), the Council has prepared and presented its first financial report and other accountability statements in compliance with A-IFRS framework for the financial year ended 30 June 2006.

This is the first financial report prepared based on A-IFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

Under A-IFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The council has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Council has elected to apply options and exemptions within the A-IFRS that are applicable to not-for-profit entities.

With certain exceptions, the Council has recorded transactions and events as though A-IFRS had always applied. This practice has extended to any comparative information included within the financial report. Most accounting policy adjustments arising from the first-time adoption of A-IFRS apply retrospectively and have been adjusted against the balance of accumulated funds at 1 July 2004, being the opening balance sheet date for the comparative period.

Reconciliations of A-IFRS profit or loss, balance sheet and equity for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in the tables below.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 1. Significant accounting policies (continued)

Table 1: Reconciliation of net result as presented under previous Australian GAAP to that under A-IFRS

For the year ended 30 June 2005

	Note	Consolidated $'000	Council $'000
Surplus for year as reported under previous Australian GAAP		**15,420**	**12,710**
A-IFRS impact on revenue			
Property revenue	1	1,379	1,379
Proceeds from sale of fixed assets	3	(1,722)	(1,171)
Recognition of previously unrecognised non current assets	5	(1,205)	(1,205)
A-IFRS impact on expenses			
Employee benefits	2, 4	(670)	(6)
Depreciation and amortisation	1	(1,293)	(1,262)
Financial costs		(25)	
Carrying amount of fixed assets sold	3	(4,916)	(4,607)
Share of net profit/(loss) on associates and joint ventures	3	(159)	136
A-IFRS impact revenue and expenses		**5,515**	**4,742**
Share of net profit/(loss) on associates and joint ventures	3	(159)	136
Net gain/(loss) on disposal of property, plant and infrastructure	3	(3,194)	(3,436)
A-IFRS impact on surplus for the year		**2,162**	**1,442**
Surplus for year as reported under A-IFRS		**17,585**	**14,152**

Table 2: Reconciliation of total assets and total liabilities as presented under previous Australian GAAP to that under A-IFRS

		Consolidated		Council	
	Note	30 June 2005 $'000	1 July 2004 $'000	30 June 2005 $'000	1 July 2004 $'000
Total assets under previous Australian GAAP		**2,274,261**	**2,250,885**	**2,244,504**	**2,223,822**
A-IFRS impact on assets					
Receivables		25	25	–	–
Net assets of City of Melbourne's defined benefit fund	4	1,531	1,490		
Investment properties	1	56,629	58,612	56,629	58,612
Property, plant and equipment	1, 5	(110,553)	(111,840)	(110,177)	(111,464)
Intangible assets	1	3,095	3,604	3,065	3,573
Total A-IFRS impact on assets		(49,273)	(48,109)	(50,483)	(49,279)
Total assets under A-IFRS		**2,224,987**	**2,202,776**	**2,194,021**	**2,174,543**
Total liabilities under previous Australian GAAP		**68,725**	**64,123**	**57,335**	**52,718**
A-IFRS impact on liabilities					
Employee entitlements	2	(41)	(41)	(6)	(4)
Total A-IFRS impact on liabilities		(41)	(41)	(6)	(4)
Total liabilities under A-IFRS		**68,685**	**64,082**	**57,329**	**52,714**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 1. Significant accounting policies (continued)

Table 3: Reconciliation of equity as presented under Australian GAAP and that under A-IFRS

		Consolidated		Council	
	Note	30 June 2005 $'000	1 July 2004 $'000	30 June 2005 $'000	1 July 2004 $'000
Total equity under previous Australian GAAP		**2,205,537**	**2,186,762**	**2,187,168**	**2,171,104**
A-IFRS impact on equity					
Error correction prior year	5	(49,655)	(49,655)	(49,279)	(49,279)
Reserves		(13,767)	(11,126)	(13,642)	(11,002)
Accumulated surplus		14,190	12,713	12,444	11,006
Total A-IFRS impact on equity		(49,232)	(48,068)	(50,477)	(49,275)
Total equity under A-IFRS		**2,156,302**	**2,138,694**	**2,136,690**	**2,121,829**

Significant accounting policies explanatory notes:

1. Property, plant and equipment: AASB 140 is a new standard that prescribes the requirements for the recognition, measurement and disclosure of investment property. Previously, these assets were contained in property, plant and equipment. The standard deems an investment property as one which generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. Investment property is valued at fair value with valuation increments reported in revenue. No depreciation is applicable. The effect of this on the Council's Income Statement for the period ending 30 June 2005 is an increase in revenue of $1.37 million and a reduction in depreciation of $1.26 million.

AASB 138 is a new standard that prescribes the requirements for the recognition, measurement and disclosure of Intangible assets. In determining whether an asset that incorporates both intangible and tangible elements should be treated under AASB 116 (Property, plant and equipment) or as an intangible asset under this Standard, an entity uses judgement to assess which element is more significant. For example, computer software for a computer-controlled machine tool that cannot operate without that specific software is an integral part of the related hardware and it is treated as property, plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

The effect of the above on the Council's Balance Sheet as at 30 June 2005 will be a decrease in the carrying amounts of property, plant and equipment by $59.689 million and the recognition of an intangible asset of $3.06 million relating to computer software and the creation of a new asset category for investment properties of $56.629 million as at 30 June 2005.

2. Employee benefits: AASB 119 (Employee benefits) is a new standard that that prescribes the requirements for the recognition, measurement and disclosure of expenses, liabilities and assets pertaining to employee benefits. AASB119 requires liabilities for short-term employee benefits to be measured at nominal amounts and liabilities for long-term employee benefits to be measured at present value. AASB119 defines short-term employee benefits as benefits that fall due wholly within 12 months after the related period of service. Therefore, liabilities for short-term employee benefits are measured at present value where they are not expected to be settled within 12 months of the reporting date.

The effect of the above requirement on the Council's Balance Sheet as at 30 June 2005 was to decrease employee benefits liability of $0.006 million (consolidated decrease: $0.041 million).

3. Income statement presentation: Revision to AASB 116 (Property, plant and equipment) requires net gains/(losses) from disposal of property, plant and equipment to be excluded from revenues or expenses on the Income Statement. The effect of this on the Council's Income Statement for the period ending 30 June 2005, is a reduction in revenues of $1.17 million (consolidated: $1.72 million), and reduction in expenses of $4.60 million (consolidated: $4.91 million), but no change to the surplus for the period.

4. Defined benefit superannuation: AASB119 (Employee benefits) prescribes the reporting obligations in respect of Defined Benefits Superannuation Funds. While this standard applies to the LasPlan Defined Benefits Superannuation Fund, Vision Super, the managers of this fund have obtained an exemption. Due to this exemption the impact of this standard is only reflective of the City of Melbourne Defined Benefit Superannuation Fund. The impact is disclosed in the consolidated accounts of the Council only as a reliable measure of segregating the fund surplus or deficit across the members is not available, but the majority of the members of the fund are employees of the Melbourne City Council group.

The effect of the above requirement on the Council's *Income Statement* for the year ending 30 June 2005 is a reduction in employee benefits of $0.629 million due to the transfer of employer

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 1. Significant accounting policies (continued)

contribution charged during the year being in excess of the amount required to be contributed as advised by the actuaries of the City of Melbourne Defined Benefit Superannuation Fund.

In the Balance Sheet an adjustment of $1.53 million was required to recognise the surplus which existed in the City of Melbourne Defined Benefit Superannuation Fund as at the 30 June 2005. The effect of this adjustment is the recognition of an asset *Net Assets of City of Melbourne's Defined Benefits Superannuation Fund* and a corresponding increase in equity.

5. Error correction prior year: AASB108 (Accounting policies, changes in accounting estimates and errors) requires that any errors identified in prior year's accounts be recorded in the opening balance of retained earnings. The adjustment of $49.655 million relates to infrastructure assets. The major items include:

- The identification of the road reserves/median strips on Royal Parade, Kings Way and St Kilda, Flemington, and Victoria roads as part of the road network that is owned by VicRoads and accordingly a decision was taken to remove these assets from the financial statements of the Melbourne City Council. The value of this land was $17.550 million.
- A change in the methodology used to value the Town Hall and the City Square land. This land must be used for municipal purposes; accordingly a discount is applied to the market value of the land. This discount was not correctly applied in previous years. The reduction in value was $23.095 million and $11.037 million respectively.

These reductions were partly offset by:

- The recognition of Sandridge Bridge ($2.432 million) in the Melbourne City Council's financial statements;
- Previously unrecognised non-current assets of $1.205 million. The amount of $1.205 million was correctly disclosed in the published 2004-05 financial statements as revenue but with the A-IFRS change is now required to be treated as a prior year error. Accordingly, the revised A-IFRS Income Statement shows a reduction in revenues and the surplus of $1.205 million.

Notes to and forming part of the financial report

For the year ended 30 June 2006

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

2(a) Revenues, expenses and assets have been attributed to functions listed in this table. Details of these functions are set out in Note 2(b).

Functions/activities		Expenses $'000	Revenue			Net surplus for year $'000	Total assets $'000
			Grants $'000	Other $'000	Total $'000		
Sustainable development and strategy	2004-05	(15,633)	2,529	5,198	7,727	(7,906)	2,305
	2005-06	**(16,596)**	**2,673**	**5,401**	**8,074**	**(8,522)**	**2,535**
Engineering services	2004-05	(48,841)	551	20,389	20,940	(27,901)	615,820
	2005-06	**(55,086)**	**1,459**	**22,079**	**23,538**	**(31,548)**	**629,971**
Design and culture	2004-05	(25,129)	8,186	10,160	18,346	(6,783)	118,382
	2005-06	**(28,511)**	**8,748**	**9,078**	**17,826**	**(10,685)**	**182,939**
Community services	2004-05	(17,873)	2,845	1,297	4,142	(13,731)	21,521
	2005-06	**(19,961)**	**2,911**	**1,476**	**4,387**	**(15,574)**	**24,571**
Parks and recreation	2004-05	(25,182)	5,637	5,442	11,079	(14,103)	1,045,827
	2005-06	**(27,894)**	**1,677**	**5,812**	**7,489**	**(20,405)**	**1,110,840**
Administration	2004-05	(100,586)	1,568	184,627	186,195	85,608	328,335
	2005-06	**(102,996)**	**7,338**	**195,481**	**202,819**	**99,823**	**263,710**
Share of net profits/(loss) of associates and joint venture	2004-05	(159)	–	–	–	(159)	–
	2005-06	**(197)**	**–**	**–**	**–**	**(197)**	**–**
Queen Victoria Market Pty Ltd	2004-05	(14,931)	44	14,849	14,893	(38)	67,212
	2005-06	**(16,281)**	**2**	**15,892**	**15,894**	**(387)**	**56,488**
Melbourne Wholesale Fish Market Pty Ltd	2004-05	(1,549)	–	1,838	1,838	290	11,911
	2005-06	**(1,591)**	**–**	**1,832**	**1,832**	**240**	**14,072**
Sustainable Melbourne Fund Trust	2004-05	(110)	–	306	306	196	5,514
	2005-06	**(113)**	**–**	**323**	**323**	**210**	**5,695**
CityWide Service Solutions Pty Ltd	2004-05	(82,420)	–	84,826	84,826	2,406	50,554
	2005-06	**(93,555)**	**–**	**96,255**	**96,255**	**2,700**	**55,195**
Inter entity eliminations	2004-05	45,593	–	(45,888)	(45,888)	(295)	(42,394)
	2005-06	**51,885**	**–**	**(48,253)**	**(48,253)**	**3,632**	**(39,172)**
Total	2004-05	(286,820)	21,360	283,044	304,405	17,585	2,224,985
	2005-06	**(310,897)**	**24,808**	**305,375**	**330,184**	**19,288**	**2,306,843**

Notes to and forming part of the financial report

For the year ended 30 June 2006

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

(b) A brief description of the goal of each function.

Sustainable development and strategy

To administer and coordinate regulations and laws in a way that enhances the sustainability and economic wellbeing in the city and makes it more liveable. Effective liaison is sought with customers, service providers, relevant authorities and neighbourhood groups in an effort to find a balance between the need for some regulation and the need to encourage users to enjoy the city.

Engineering services

To manage the city environment and maintain its infrastructure assets to make the city more accessible and attractive as a place to live, work, conduct business and visit, and to identify needs and provide services that contribute to the quality of life for city users.

Design and culture

Design and culture is responsible on behalf of the Council for providing urban design policy, advice, design, project management, property management including investment properties and real estate services. It also holds the responsibility for the delivery of a comprehensive arts and culture program.

Community services

To identify needs and deliver a coordinated range of primary care, child care and public health services with the aim of improving the lifestyle of city residents, businesses and visitors while ensuring the cost-efficient management of community assets.

Parks and recreation

To develop the city's 700ha of gardens, parks and reserves, linked by gracious tree-lined boulevards, to become the best network of capital city gardens, parks and streetscapes in the world, and to promote the city as the sporting and leisure capital of Australia.

Administration

To provide a range of quality support functions to the Council which, in turn, helps the Council provide the highest standard of services to the community. These support functions include sound financial management, quality computing services, management of an efficient and motivated workforce and the delivery of effective communications services. Rate Revenue has been included in Administration as this revenue can not be attributed to any particular function.

CityWide Service Solutions Pty Ltd

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

Queen Victoria Market Pty Ltd

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

Melbourne Wholesale Fish Market Pty Ltd

To ensure that the market is operated as a fully commercial business serving the needs of the fishing industry.

Sustainable Melbourne Fund Trust

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

Note 3. Revenues from ordinary activities

(a) Rates

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
General rates				
• Residential	31,976	28,643	31,976	28,643
• Commercial	70,323	66,640	70,326	66,640
• Industrial	8,890	9,407	8,890	9,407
• Retail	13,711	12,617	13,711	12,617
Cultural and recreational land rates	270	270	270	270
Supplementary rates	3,350	1,614	3,350	1,614
Objections/exemptions	(754)	–	(754)	–
	127,766	**119,191**	**127,769**	**119,191**

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

The date of the general valuation of land for rating purposes within the municipal district was 1 January 2004 and the valuation first applied to the rating period commencing 1 July 2004.

(b) Parking fees

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
On street parking	21,778	20,146	21,759	20,127
Off street parking	6,350	6,189	3,306	3,452
Sporting/entertainment venues	1,405	1,805	1,405	1,805
Tow away fees	1,198	1,030	1,198	1,030
	30,732	**29,170**	**27,668**	**26,413**

(c) Finance income

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Interest received from investments	8,129	10,187	7,504	9,599
Interest due from overdue rates	542	634	542	634
Interest received from loan to CityWide	–	–	26	15
Other	220	171	84	65
	8,891	**10,992**	**8,156**	**10,313**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 3. Revenues from ordinary activities (continued)

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

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
State grants				
Roads corporation	110	149	110	149
Appropriation – Victorian Grants Commission	984	899	984	899
Tobacco Act reform	25	20	25	20
Water conservation	–	16	–	16
Street entertainment	–	40	–	40
School crossing supervisor	57	62	57	62
Pre-school services	112	60	112	60
Support services for families	103	101	103	101
Maternal and child health	203	170	203	170
Immunisation	26	24	26	24
Home and community services	1,379	1,319	1,379	1,319
Senior citizens week	–	10	–	10
Cruise ship program	–	16	–	16
Heritage advisor grant	7	4	7	4
Flexible respite options program	29	28	29	28
Drugs program	29	29	29	29
Disability services	88	74	88	74
Food safety standard training for local government	34	22	34	22
Priority education and training	17	182	17	182
Zero greenhouse emission	–	38	–	38
Public place recycling	3	29	3	29
Butt littering trust	7	6	7	6
Parks and recreation operating	329	–	329	–
Commonwealth Games food safety compliance	28	–	28	–
Parking levy operating	374	–	374	–
State grant – cultural affairs	3	–	3	–
Commonwealth Games	1,021	–	1,021	–
Local government industry incentive	224	164	224	164
Mobility grants	503	–	503	–
Other	399	154	399	154
	6,094	3,616	6,094	3,616

Note 3. Revenues from ordinary activities (continued)

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

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Federal grants				
Federal grant – aged and disability	156	134	156	134
Federal grant – family and children	127	192	127	192
Special needs subsidy scheme	49	–	49	–
Federal grant – immunisation register	14	–	14	–
Federal grant – community incentive	16	6	16	6
Federal grant – other	226	50	226	50
	588	382	588	382
Capital grants				
Capital grants	9,074	13,110	9,522	13,110
Parking levy capital grant	4,626	–	4,626	–
Public open space contributions	2,265	2,054	2,265	2,054
	15,965	15,164	16,413	15,164
Total other				
Other contributions	420	59	355	9
Child care benefit	504	646	504	646
Sponsorships	852	1,493	852	1,499
	1,776	2,198	1,711	2,154
Total grants and other contributions	**24,423**	**21,360**	**24,806**	**21,316**

(e) Conditions over contributions

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(i) Grants recognised as revenues during the financial year and which were obtained on the condition that they be expended in a specific manner that had not occurred at balance date were:				
• Grants for capital works	4,973	–	4,973	–
• Grants for other purposes	802	533	802	533
	5,775	533	5,775	533
Deduct				
(ii) Grants which were recognised as revenues in prior years and which were expended during the current year in the manner specified by the grantor were:				
• Grants for capital works	–	–	–	–
• Grants for other purposes	533	–	533	–
	533		533	
Net increase/(decrease) in restricted assets resulting from grant revenues for the financial year	**5,242**	**533**	**5,242**	**533**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 4. Expenses from ordinary activities

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a) Employee benefit expenses				
Wages and salaries	86,450	80,504	61,294	55,864
Annual/long service leave	10,447	9,032	8,050	7,032
Fringe benefits	1,466	1,365	841	782
WorkCover	1,852	1,917	1,066	1,240
Superannuation	5,854	6,494	5,711	5,249
	106,069	**99,312**	**76,962**	**70,170**
(b) Contract payments, materials and services				
Contract payments	75,653	63,213	77,218	69,425
Other materials and services	61,038	55,232	33,736	31,239
Auditors' remuneration				
Audit services – VAGO	204	186	83	82
Audit services – other external	19	19	19	19
Audit services – internal	204	196	186	184
	137,117	**118,846**	**111,242**	**100,949**
(c) Depreciation and amortisation				
Buildings	3,101	3,221	2,966	3,066
Buildings – leasehold improvements	190	239	–	–
Plant and equipment	6,881	6,633	2,314	3,327
Statues, sculptures, and artwork	319	294	319	294
Roads and laneways – substructure	4,732	4,410	4,732	4,410
Roads and laneways – seal	2,438	2,910	2,438	2,910
Footpaths	8,775	8,934	8,775	8,934
Kerb and channel	2,724	2,605	2,724	2,605
Bridges	470	456	470	456
Drains	618	586	618	586
Irrigation systems	697	656	697	656
Parks and gardens infrastructure	3,511	3,583	3,511	3,583
Other structures	243	223	243	223
Furniture and fittings	74	76	58	56
Amortisation of intangibles	2,171	1,601	2,171	692
	36,944	**36,427**	**32,036**	**31,798**

Note 4. Expenses from ordinary activities (continued)

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(d) Finance costs				
Insurance	2,746	2,946	1,469	1,725
Bad and doubtful debts	919	523	930	476
Provision for doubtful PINS	9,791	7,929	9,791	7,929
Other financial costs	595	411	429	430
	14,051	**11,810**	**12,619**	**10,560**
(e) Other expenses				
Grants and Contributions	11,253	14,015	11,372	14,030
Fire brigade levy	2,720	2,558	2,720	2,558
Taxes and levies	595	502	383	361
	14,568	**17,075**	**14,475**	**16,949**

Note 5. Trade and other receivables

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current				
Rates	1,317	1,529	1,317	1,529
Parking infringement debtors	27,089	23,577	27,089	23,577
Provision for doubtful debts – parking infringement	(11,908)	(9,877)	(11,908)	(9,877)
Other debtors	15,627	13,233	6,733	5,820
Provision for doubtful debts – other debtors	(1,884)	(966)	(1,729)	(800)
GST receivable	2,780	4,751	3,490	4,736
Loan to CityWide Solutions Pty Ltd	–	–	77	80
	33,021	**32,248**	**25,069**	**25,067**

Note 6. Inventories

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Stores and raw materials	378	433	–	–
Provision for obsolete stock	(5)	(5)	–	–
	373	**428**	**–**	**–**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 7. Other financial assets

	Consolidated		Council	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Interests in other entities				
CityWide Service Solutions Pty Ltd	–	–	18,406	18,406
Regent Management Company Pty Ltd	2,776	2,776	2,776	2,776
MAPS Group Pty Ltd	250	250	250	250
Queen Victoria Market Pty Ltd	–	–	200	200
Melbourne Wholesale Fish Market	–	–	5,000	5,000
Baycorp Advantage Limited	16	16	16	16
Sustainable Melbourne Fund Trust	–	–	5,000	5,000
Loan to CityWide Solutions Pty Ltd	–	–	219	287
	3,042	**3,042**	**31,867**	**31,934**

Melbourne City Council owns 50 per cent of the Regent Management Company Pty Ltd. The investment is supported by a discounted cash flow based on the remaining life of the fifty year lease. Shares in subsidiaries are disclosed at cost.

Note 8. Other current assets

	Consolidated		Council	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Prepayments	856	748	37	267
Tax equivalents and dividends	–	–	2,364	2,241
	856	**748**	**2,401**	**2,509**

Note 9. Property, plant, equipment and infrastructure

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Land – freehold				
At Council's valuation	76,978	73,275	76,978	73,275
At independent valuation	11,200	9,277	–	–
At cost	6,611	6,611	-	-
	94,789	89,163	76,978	73,275
Land – other controlled				
At Council's valuation	993,490	953,512	993,490	953,512
Buildings on freehold land				
At Council's valuation	69,071	49,324	69,071	49,324
At cost	3,015	2,606	-	-
	72,086	51,930	69,071	49,324
Accumulated depreciation-valuation			–	–
Accumulated depreciation-cost	(478)	(341)	–	–
	71,608	51,589	69,071	49,324
Buildings on other controlled land				
At Council's valuation	37,440	31,178	37,440	31,178
Buildings – leasehold improvements				
At cost	1,721	2,052	-	-
Accumulated depreciation	(835)	(1,237)	-	-
	886	815	-	-
Plant and equipment				
At cost	60,261	53,372	18,016	16,191
Accumulated depreciation	(28,830)	(25,873)	(9,234)	(8,883)
	31,431	27,499	8,782	7,308
Furniture and fittings				
At cost	446	417	331	306
Accumulated depreciation	(296)	(226)	(209)	(153)
	150	191	122	153

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 9. Property, plant, equipment and infrastructure (continued)

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Statues, sculptures and artworks				
At cost	43,328	39,717	43,328	39,717
Accumulated depreciation	(1,819)	(1,499)	(1,819)	(1,499)
	41,509	38,218	41,509	38,218
Roads and laneways – substructure				
At Council's valuation	363,727	375,628	363,727	375,628
Roads and laneways – seal				
At Council's valuation	20,988	21,831	20,988	21,831
Footpaths				
At Council's valuation	92,689	74,776	92,689	74,776
Kerb and channel				
At Council's valuation	85,835	82,449	85,835	82,449
Bridges				
At Council's valuation	32,950	23,327	32,950	23,327
Drains				
At Council's valuation	18,865	17,832	18,865	17,832
Irrigation				
At Council's valuation	11,119	11,119	11,119	11,119
At cost	2,750	1,858	2,750	1,858
	13,869	12,977	13,869	12,977
Accumulated depreciation-valuation	(2,303)	(1,728)	(2,303)	(1,728)
Accumulated depreciation-cost	(229)	(114)	(229)	(114)
	(2,532)	(1,842)	(2,532)	(1,842)
	11,337	11,135	11,337	11,135
Parks and gardens infrastructure				
At Council's valuation	47,528	45,515	47,528	45,515
Trees				
At Council's valuation	29,611	28,424	29,611	28,424

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 9. Property, plant, equipment and infrastructure (continued)

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Other structures				
At Council's valuation	–	2,669	–	2,669
At cost	3,369	–	3,369	–
Accumulated depreciation-cost	(243)	–	(243)	–
	3,126	2,669	3,126	2,669
Works in progress				
At cost	87,298	67,444	87,298	67,392
Total property, plant, equipment and infrastructure	**2,065,257**	**1,943,194**	**2,021,346**	**1,903,946**

The bases of valuation are included under Note 1(n) in the financial report and have been conducted as follows:

(i) Valuations of council land and buildings were determined by: David Slicer, Valuer, Rates and Valuations Branch, City of Melbourne; and Paul Ferguson, Senior Valuer, Rates and Valuations Branch, City of Melbourne.

Independent valuation of land and buildings were determined by Bruce Kerr, BBus (Prop), AAPI who is a certified practising valuer and member of the Australian Property Institute on behalf of Urbis JHD on the basis of a continuing use as a wholesale fish market.

(ii) Valuations of infrastructure assets (roads and laneways, footpaths, kerb and channel, bridges and drains) were determined by: Gordon Duncan, Principal Engineer – Infrastructure, Engineering Services Group, City of Melbourne; and Bandara Rajapakse, Senior Infrastructure Engineer, Engineering Services Branch, City of Melbourne.

(iii) Valuation of irrigation assets was determined by Paul Newbold, Contracts Administrator, Parks and Recreation Branch, City of Melbourne; and Chris Adams, Projects Officer, Parks and Recreation Branch, City of Melbourne.

(iv) Valuation of parks and gardens infrastructure were determined by Francis Khoo, Acting Group Manager, Parks and Recreation Branch; Chris Adams, Projects Officer, Parks and Recreation Branch; and Paul Ferguson, Senior Valuer, Rates and Valuations Branch, City of Melbourne.

(v) Valuations of trees were determined by Ian Shears M.Appl.Sci (Hort), Senior Tree Planner, Parks and Recreation, City of Melbourne.

All the above valuations were completed as at 30 June 2006.

(vi) Valuation of Other Structures for 30 June 2005 were determined by:

- Raj Singh, Coordinator Street Trading (Street Activity Branch), City of Melbourne.
- David Langberg, Finance Officer, Street Activity Branch, City of Melbourne.
- Kevin Jongen, Technical Officer/Draftperson, Design Branch, City of Melbourne.
- Robert Whipp, Finance Officer, Marketing and Corporate Affairs – City of Melbourne.
- Ian Dryden, Senior Industrial Designer, Design Branch, City of Melbourne.
- Andrew Carcelli, Coordinator – City Ambassadors, Program and Events, City of Melbourne.
- Paul Ferguson, Senior Valuer, Rates and Valuations Branch, City of Melbourne.
- Nathan Islip, Project Manager, City Projects Branch, City of Melbourne.

Valuations for 30 June 2005 are at fair value. For 30 June 2006, other structures are valued at cost.

Unless otherwise stated the carrying value of each class of asset measured at fair value at balance date materially reflects their fair value at that date.

A review of future asset sales has been undertaken. However, at this stage there are no unconditional contracts of sale in place. Consequently, the assets remain classified as non-current assets.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 9. Property, plant, equipment and infrastructure (continued)

Reconciliations of the carrying amounts of each class of assets at the beginning and end of the current financial year are set out below.

(a) Consolidated **Asset classes**	**Carrying amount at 30 June 2005 $'000**	**Revaluations $'000**	**Additions $'000**	**Disposals $'000**	**Depreciation $'000**	**Carrying amount at 30 June 2006 $'000**
Land – freehold	89,163	4,511	1,115	–	–	94,789
Land – other controlled	953,512	36,099	3,879	–	–	993,490
Buildings on freehold land	51,589	20,029	1,688	–	(1,698)	71,608
Buildings on other controlled land	31,178	4,117	3,606	(57)	(1,404)	37,440
Buildings – leasehold improvements	815	–	295	(33)	(190)	886
Plant and equipment	27,500	–	12,522	(1,708)	(6,881)	31,431
Furniture and fittings	190	–	32	–	(74)	150
Statues, sculptures and artworks	38,218	–	3,610	–	(319)	41,509
Roads and laneways – substructure	375,627	(4,610)	–	(2,557)	(4,732)	363,727
Roads and laneways – seal	21,831	(4,254)	6,035	(188)	(2,438)	20,988
Footpaths	74,776	2,156	24,619	(87)	(8,775)	92,689
Kerb and channel	82,449	5,430	1,152	(472)	(2,724)	85,835
Bridges	23,327	(1,621)	11,714	–	(470)	32,950
Drains	17,832	446	1,205	–	(618)	18,865
Irrigation	11,135	–	945	(46)	(697)	11,337
Parks and gardens infrastructure	45,515	1,623	3,987	(86)	(3,511)	47,528
Trees	28,424	26	1,161	–	–	29,611
Other structures	2,669	–	700	–	(243)	3,126
Works in progress*	67,444	–	19,854	–	–	87,298
	1,943,194	**63,953**	**98,119**	**(5,234)**	**(34,773)**	**2,065,257**

* Works in progress addition figure is a net amount consisting of $91.508 million additional works in progress, and $71.654 million of assets capitalised during the 2005-06 financial year.

Note 9. Property, plant, equipment and infrastructure (continued)

(b) Council **Asset classes**	**Carrying amount at 30 June 2005 $'000**	**Revaluations $'000**	**Additions $'000**	**Disposals $'000**	**Depreciation $'000**	**Carrying amount at 30 June 2006 $'000**
Land – freehold	73,275	2,588	1,115	–	–	76,978
Land – other controlled	953,512	36,099	3,879	–		993,490
Buildings on freehold land	49,324	20,029	1,279	–	(1,562)	69,071
Buildings on other controlled land	31,178	4,117	3,606	(57)	(1,404)	37,440
Plant and equipment	7,308	–	4,947	(1,159)	(2,314)	8,782
Furniture and fittings	153	–	27	–	(58)	122
Statues, sculptures and artworks	38,218	–	3,610	–	(319)	41,509
Roads and laneways – substructure	375,628	(4,610)	–	(2,557)	(4,732)	363,727
Roads and laneways – seal	21,831	(4,254)	6,035	(188)	(2,438)	20,988
Footpaths	74,776	2,156	24,619	(87)	(8,775)	92,689
Kerb and channel	82,449	5,430	1,152	(472)	(2,724)	85,835
Bridges	23,327	(1,621)	11,714	–	(470)	32,950
Drains	17,832	446	1,205	–	(618)	18,865
Irrigation	11,135	–	945	(46)	(697)	11,337
Parks and gardens infrastructure	45,515	1,623	3,987	(86)	(3,511)	47,528
Trees	28,424	26	1,161	–	–	29,611
Other structures	2,669	–	700	–	(243)	3,126
Works in progress*	67,392	–	19,906	–	–	87,298
	1,903,946	**62,029**	**89,887**	**(4,652)**	**(29,865)**	**2,021,346**

* Works in progress addition figure is a net amount consisting of $91.508 million additional works in progress and $71.602 million of assets capitalised during the 2005-06 financial year.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 10. Intangible assets

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the financial year are set out below:

(a) Consolidated **Asset classes**	**Carrying amount at 30 June 2004 $'000**	**Additions $'000**	**Disposals $'000**	**Amortisation /Impairment $'000**	**Carrying amount at 30 June 2005 $'000**	**Additions $'000**	**Disposals $'000**	**Amortisation /Impairment $'000**	**Carrying amount at 30 June 2006 $'000**
Goodwill									
Net Book value	516	–	–	–	516	–	–	–	516
Licence agreement	–	1,412	–	–	1,412	–	–	(789)	623
Computer software									
Cost	7,074	1,869	(777)	–	8,166	2,930	(800)	–	10,296
Accumulated amortisation	(3,500)	–	–	(1,601)	(5,101)	–	758	(1,382)	(5,725)
Net book value	**3,574**	**1,869**	**(777)**	**(1,601)**	**3,065**	**2,930**	**(42)**	**(1,382)**	**4,571**
	4,090	**3,281**	**(777)**	**(1,601)**	**4,993**	**2,930**	**(42)**	**(2,171)**	**5,711**

(b) Council **Asset classes**									
Licence agreement	–	1,412	–	–	1,412	–	–	(789)	623
Computer software									
Cost	7,074	1,869	(777)	–	8,166	2,930	(800)	–	10,296
Accumulated amortisation	(3,500)	–	–	(1,601)	(5,101)	–	758	(1,382)	(5,725)
Net book value	**3,574**	**1,869**	**(777)**	**(1,601)**	**3,065**	**2,930**	**(42)**	**(1,382)**	**4,571**
	3,574	**3,281**	**(777)**	**(1,601)**	**4,477**	**2,930**	**(42)**	**(2,171)**	**5,194**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 11. Investment property

	Consolidated			Council	
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
(a) Gains/(loss) on sale of investment properties					
Proceeds from sale	–	–		–	–
Carrying amount of assets sold	–	(2,100)		–	(2,100)
Gain/(loss) on sale	**–**	**(2,100)**		**–**	**(2,100)**
(b) Amounts recognised in income statement for investment properties					
Property rental	2,789	3,132		2,789	3,132
Operating expenses for rental generating properties	343	308		343	308
Operating expenses for non rental generating properties	7,574	7,069		7,574	7,069
(c) Reconciliation of carrying amounts					
Land					
Carrying amount at beginning	23,816	25,916		23,816	25,916
Net gain/(loss) from fair value adjustment	525	–		525	–
Additions	–	–		–	–
Disposals	–	(2,100)		–	(2,100)
Carrying amount at end of period	**24,341**	**23,816**		**24,341**	**23,816**
Buildings					
Carrying amount at beginning	32,813	31,434		32,813	31,434
Net gain/(loss) from fair value adjustment	3,315	1,379		3,315	1,379
Additions	211	–		211	–
Disposals	–	–		–	–
Carrying amount at end of period	**36,339**	**32,813**		**36,339**	**32,813**
Total investment properties	**60,680**	**56,629**		**60,680**	**56,629**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 12. Trade and other payables

	Consolidated			Council	
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
Current					
Trade creditors	10,353	8,187		6,896	7,437
Deposits and retention amounts	1,842	1,847		1,426	1,454
Accruals	27,683	31,200		24,216	28,003
Income in advance	3,145	3,880		677	1,794
	43,021	**45,114**		**33,215**	**38,688**

Note 13. Employee benefits

	Consolidated				Council
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
(a) Current					
Long service leave	10,371	11,057	**1(f)(i)**	8,902	7,691
Annual leave	10,183	7,518		7,327	6,783
Other	777	842		720	838
	21,333	19,417		16,949	15,312
(b) Non-current					
Long service leave	3,950	2,988	**1(f)(i)**	3,064	2,660
	3,950	2,988	**1(f)(i)**	3,064	2,660
Total employee benefits	**25,283**	**22,405**		**20,013**	**17,973**
(c) Reconciliation of movements					
Annual leave					
Balance at the beginning of the financial year	7,518	9443		6,783	6,697
Additional provisions	10,123	5,286		5,673	5,019
Amounts used	(7,421)	(7,179)		(5,115)	(4,927)
Increase in the discounted amount because of time and the effect of any change in the discount rate	(37)	(32)		(14)	(6)
Balance at the end of the financial year	**10,183**	**7,518**		**7,327**	**6,783**

Note 13. Employee benefits (continued)

	Consolidated		Note	Council	
	2006 $'000	2005 $'000		2006 $'000	2005 $'000
(c) Reconciliation of movements (continued)					
Long Service Leave					
Balance at the beginning of the financial year	14,045	11,621		10,351	9,843
Additional provisions	657	2,676		1,947	717
Amounts used	(299)	(265)		(276)	(240)
Increase in the discounted amount because of time and the effect of any change in the discount rate	(82)	13		(56)	31
Balance at the end of the financial year	14,321	14,045		11,966	10,351
(d) Current employee benefits disclosure					
Employee benefits entitlements					
• that fall due within 12 months after the end of the period measured at nominal value	11,062	10,200		8,147	7,564
• that do not fall due within 12 months after the end of the period measured at present value	10,271	9,217		8,802	7,748
	21,333	19,417		16,949	15,312

Note 14. Provisions

	Consolidated		Note	Council	
	2006 $'000	2005 $'000		2006 $'000	2005 $'000
(a) Current					
Insurance claims	120	669		120	669
Other	198	496		200	–
	318	**1,165**		**320**	**669**
(b) Reconciliation of movements					
Insurance claims					
Balance at the beginning of the financial year	669	649		669	649
Additional provisions	98	503		98	503
Amounts used	(647)	(483)		(647)	(483)
Balance at the end of the financial year	**120**	**669**		**120**	**669**
Other					
Balance at the beginning of the financial year	496	970		–	970
Additional provisions	596	496		200	–
Amounts used	(894)	(970)		–	(970)
Balance at the end of the financial year	**198**	**496**		**200**	**–**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 15. Reserves

	Consolidated			Council	
	2006 $'000	**2005 $'000**	**Note**	**2006 $'000**	**2005 $'000**
(a) Composition					
Asset revaluation	826,467	762,513		819,166	757,135
Other reserves	1,900	4,564		1,900	4,564
	828,367	**767,077**		**821,066**	**761,699**
(b) Movements in reserves – other reserves					
Public open space					
Balance at the beginning of the financial year	4,564	4,417		4,564	4,417
Transfer to accumulated reserves	2,265	2,054		2,265	2,054
Amounts used	(4,928)	(1,906)		(4,928)	(1,906)
Balance at the end of the financial year	**1,900**	**4,564**		**1,900**	**4,564**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 15. Reserves (continued)

(c) Movement in reserves – asset revaluation reserve

Consolidated	Carrying amount at 2004 $'000	Increment (decrement) $'000	Carrying amount at 2005 $'000	Increment (decrement) $'000	Carrying amount at 2006 $'000
Property					
Land	468,470	1,880	**470,350**	40,609	**510,959**
Buildings	2,916	(2,526)	**390**	24,148	**24,538**
Infrastructure					
Roads and laneways	98,393	9,978	**108,371**	(8,864)	**99,507**
Footpaths	41,806	3,503	**45,309**	2,155	**47,464**
Kerb and channel	76,524	(17,611)	**58,913**	5,430	**64,343**
Bridges	16,074	667	**16,741**	(1,620)	**15,121**
Drains	9,843	669	**10,512**	445	**10,957**
Parks and gardens infrastructure	24,823	5,047	**29,870**	1,624	**31,494**
Trees	13,117	44	**13,161**	26	**13,187**
Other structures	5	201	**206**	–	**206**
Parks and gardens irrigation	2,095	–	**2,095**	–	**2,095**
Plant and equipment	547	–	**547**	–	**547**
Computer equipment	635	–	**635**	–	**635**
Furniture and fittings	9	–	**9**	–	**9**
Artworks	5,404	–	**5,404**	–	**5,404**
	760,661	**1,852**	**762,513**	**63,953**	**826,467**

Council	Carrying amount at 2004 $'000	Increment (decrement) $'000	Carrying amount at 2005 $'000	Increment (decrement) $'000	Carrying amount at 2006 $'000
Property					
Land	462,968	2,004	464,972	38,686	**503,658**
Buildings	2,916	(2,526)	390	24,148	**24,538**
Infrastructure					
Roads and laneways	98,393	9,978	108,371	(8,864)	**99,507**
Footpaths	41,806	3,503	45,309	2,155	**47,464**
Kerb and channel	76,524	(17,611)	58,913	5,430	**64,343**
Bridges	16,074	667	16,741	(1,620)	**15,121**
Drains	9,843	669	10,512	445	**10,957**
Parks and gardens infrastructure	24,823	5,047	29,870	1,624	**31,494**
Trees	13,117	44	13,161	26	**13,187**
Other structures	5	201	206	-	**206**
Parks and gardens irrigation	2,095	-	2,095	-	**2,095**
Plant and equipment	547	-	547	-	**547**
Computer equipment	635	-	635	-	**635**
Furniture and fittings	9	-	9	-	**9**
Artworks	5,404	-	5,404	-	**5,404**
	755,160	**1,976**	**757,135**	**62,029**	**819,166**

Notes to and forming part of the financial report

For the year ended 30 June 2006

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

	Consolidated		Council	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Land and buildings				
Proceeds from sales	–	59	–	59
Carrying amount of assets sold	(140)	(2,680)	(140)	(2,680)
Gain/(loss) on sale	(140)	(2,620)	(140)	(2,620)
Plant, equipment and infrastructure				
Proceeds from sales	1,807	1,662	1,120	1,111
Carrying amount of assets sold/disposed	(5,095)	(2,235)	(4,512)	(1,928)
Gain/(loss) on sale	(3,288)	(572)	(3,392)	(816)
Computer software				
Proceeds from sales				
Carrying amount of assets sold/disposed	(42)	–	(42)	–
Gain/(loss) on sale	(42)	–	(42)	–
Total proceeds from sale of assets	1,807	1,722	1,120	1,171
Total carrying amount of assets sold	(5,277)	(4,914)	(4,694)	(4,607)
Total gain/(loss) on sale	**(3,470)**	**(3,192)**	**(3,574)**	**(3,437)**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 17. Investments accounted for using the equity method

Name	Principal activity	Ownership interest	Balance date	Consolidated carrying amount 2006 $'000	2005 $'000
Associates					
Yarra-Melbourne Regional	Library services	31%	30 June 2005		1121
Library Corporation	Library services	31%	30 June 2006	1,216	
				1,216	**1,121**
Joint Venture					
City Library	Library services	60%	30 June 2005		3,575
City Library	Library services	60%	30 June 2006	3,283	
				4,500	**4,696**

(a) Movement in carrying amount of associates

	2006 $'000	2005 $'000
Carrying amount at the beginning of the year	1,121	985
Share of operating surplus/(deficit) for the year	95	136
Carrying amount at the end of the year	1,216	1,121

(b) Summary performance and financial position of associates

The aggregate results, assets and liabilities are as follows:

	2006 $'000	2005 $'000
Operating surplus/(deficit)	361	439
Assets	5,690	5,350
Liabilities	1,825	1,786

At the time of preparation of the financial report the Council had not received audit clearance on the Yarra-Melbourne Regional Library Corporation accounts.

(c) Movement in carrying amount of joint venture

	2006 $'000	2005 $'000
Carrying amount at the beginning of the year	3,575	3,870
Share of operating surplus/(deficit) to end of the year	(292)	(295)
Carrying amount at the end of the year	3,283	3,575

(d) Summary performance and financial position of joint venture

The result, assets and liabilities is as follows:

	2006 $'000	2005 $'000
Operating Surplus/(Deficit) to end of the year	(486)	(492)
Assets	5,624	6,344
Liabilities	376	629

Yarra Melbourne Regional Library Corporation

On the 30 May 2006, the Melbourne City Council resolved to give notice of its intention to withdraw from the Yarra Melbourne Regional Library Corporation, with a view to dissolving the Regional Library on 30 June 2007.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 18. Cash flow information

	Consolidated			Council	
	2006 $'000	2005 $'000	Note	2006 $'000	2005 $'000
(a) Reconciliation of surplus for the year to net cash provided by operating activities					
Surplus for the year	**19,288**	**17,585**		**14,848**	**14,152**
Non cash items included in surplus for the year					
Depreciation and amortisation	36,944	36,427		32,036	31,798
Loss/ (Gain) on sale of property, plant and equipment	3,469	3,437		3,574	3,437
Recognition of increase in investments	196	159		(95)	(137)
Non-current asset additions	(1,520)	(1,380)		(1,520)	(1,412)
Investment properties – valuation increment	(3,840)	(1,379)		(3,840)	(1,379)
Changes in assets and liabilities in relation to operating activities:					
(Increase)/decrease in trade and other receivables	(773)	(646)		(2)	(2,186)
Increase/(decrease) in trade and other payables	85	2,553		(2,286)	3,093
Increase/(decrease) in provisions	(847)	(553)		(349)	(950)
Increase/(decrease) in employee benefits	2,878	77		2,041	614
(Increase)/decrease in other assets	2,078	(2,302)		2,287	(2,419)
(Increase)/decrease in inventories	55	(30)		–	–
Net cash provided by operating activities	**58,012**	**53,946**		**46,694**	**44,613**
(b) Components of cash					
Cash at the end of the financial year as shown in the balance sheet and the statement of cash flows comprises:					
Cash on hand	44	41		29	28
Cash at bank	8,319	3,545		2,510	348
Short term deposits	7,049	5,167		2,711	832
Bank bills and negotiable certificates of deposit	113,761	164,476	**23**	108,719	159,576
	129,172	**173,230**		**113,969**	**160,784**
(c) Restriction on investments					
Specific funding for the provision for long service leave pursuant to Section 22 of the *Local Government (Long Service Leave) Regulations (2003):*					
Long service leave	12,960	11,907		11,006	9,953
(d) Market value					
Market values of bank bills and negotiable certificates of deposit as at 30 June are not recognised until disposal of these investments:					
Bank bills and negotiable certificates of deposits	113,761	164,476		108,719	159,576

Note 19. Commitments

		Consolidated		Council	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a) Lease rental commitments					
Operating lease rentals of property, contracted for at balance date, but not recognised as liabilities:					
Payable within one year		1,435	1,451	202	179
Later than one year but not later than five years		2,264	1,996	356	363
Later than five years		–	–	–	55
		3,699	**3,447**	**558**	**597**
(b) Commitments for capital and other expenditure					
Expenditure contracted for at balance date but not recognised in the financial report as liabilities:					
Capital	**Buildings***	3,180	33,363	3,180	33,363
	Plant and equipment	3,213	2,145	2,361	906
		6,393	35,508	5,541	34,269
Payable within one year		6,393	35,508	5,541	34,269
Operating	**Maintenance**	3,060	3,609	3,060	3,609
Payable within one year		3,060	3,609	3,060	3,609
	Service**	66,999	58,151	107,675	97,011
Payable within one year		28,146	21,212	47,559	45,472
Payable later than one year but not later than five years		38,853	36,939	60,116	51,539
		66,999	58,151	107,675	97,011
		76,452	**97,268**	**116,276**	**134,889**

* Buildings for 2004-05 include $25 million for a contract awarded to Hansen Yuncken Ltd to complete the new council staff accommodation building, CH2.

** Service contracts are for a maximum period of five years.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 20. Contingent liabilities and contingent assets

(a) Claims and Assets

Docklands

Legislation to transfer municipal responsibility for Docklands was introduced into Victorian Parliament on 22 August 2006.

Municipal activities in the Docklands precincts are expected to transfer to the City of Melbourne effective from 1 July 2007. The City of Melbourne has assessed the risks and transitional issues arising from the proposed transfer through the completion of a financial due diligence process, working together with VicUrban and the Department of Victorian Communities. The financial due diligence process identified an estimated cash deficit of $8.393 million would exist as at 30 June 2007.

Subsequent to the reporting date, the City of Melbourne has agreed on a payment scheme with the Victorian Government to fund the estimated cash deficit for a five-year period, dependant on the cash flows of the Docklands post-transition. Payments will be funded from Docklands-generated cash flows.

This agreement has no impact on the current financial statements.

Drains – property, plant and equipment

Melbourne City Council is currently completing an audit and condition assessment of the drainage network. Until this assessment is completed, the value of the drainage network can not be accurately determined. It is anticipated that this assessment will be completed by 30 June 2007.

(b) Guarantees

Melbourne City Council and the State Government of Victoria have indemnified, in equal shares, Regent Management Company Pty Ltd against any liability, loss or expense incurred or suffered by the Company.

At 30 June 2006 there are no outstanding Melbourne City Council bank guarantees.

Note 20(a). Events subsequent to balance date

Melbourne Wholesale Fish Market

The Melbourne Wholesale Fish Market Pty Ltd wishes to offer the business for sale and has sought assistance of Melbourne City Council to facilitate the sale process and the selection of an appropriate purchaser.

In response to the request by the Melbourne Wholesale Fish Market Pty Ltd, the Melbourne City Council, parent of the Melbourne Wholesale Fish Market Pty Ltd, conducted an ‘expression of interest’ with responses for future options for the business received by 31 August 2005.

On 4 October 2005, the Melbourne City Council, invited tenders from the short listed expression of interest registrants, and tenders were received by 31 March 2006.

The Melbourne City Council is continuing to negotiate with the Victorian Government to revoke or vary the existing constraint under the crown grant on the Melbourne Wholesale Fish Market land requiring the property to be used for market or for other municipal purposes.

A report on the progress of the negotiations with the Victorian Government and the full assessment of the tender process is to be presented to the Melbourne City Council by October 2006.

Yarra Melbourne Regional Library Corporation

On 30 May 2006, the Melbourne City Council resolved to give notice of its intention to withdraw from the Yarra Melbourne Regional Library Corporation with a view to dissolving the Regional Library on 30 June 2007.

Note 21. Superannuation

The Melbourne City Council makes employer superannuation contributions, in respect of its employees, to the Local Authorities Superannuation Fund and employee-nominated approved accumulation superannuation funds.

Most contributions are to the Local Authorities Superannuation Fund (the fund). The fund has three categories of membership, each funded differently.

Accumulation members

The fund’s accumulation category, *Vision Super Saver*, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings, in accordance with the nine per cent superannuation guarantee legislation. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the fund.

Defined benefits members

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

The Melbourne City Council makes employer contributions to the defined benefit category of the fund at rates determined by the trustee on the advice of the fund's actuary. On the basis of the results of the most recent full actuarial investigation conducted by the fund's actuary as at 31 December 2005, the trustee has determined that the funding arrangements were adequate for the expected *Defined Benefit Plan* liabilities and the Council makes the following contributions:

- 9.25 per cent of members’ salaries (same as previous year); and
- the difference between resignation and retrenchment benefits paid to its retrenched employees (same as previous year).

Note 21. Superannuation (continued)

The fund's liability for accrued benefits was determined in the 31 December 2005 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31 December 2005 $ millions
Net market value of assets	3,255.8
Accrued benefits (per accounting standards)	3,118.9
Difference between assets and accrued benefits	136.9
Vested benefits	2,865.6

The financial assumptions used to calculate the accrued benefits for the defined benefit category of the fund were:

Net investment return	8.0 per cent per annum
Salary inflation	5.5 per cent per annum
Price inflation	3.0 per cent per annum

City of Melbourne superannuation sub-plan members

A separate City of Melbourne superannuation sub-plan is operated for City of Melbourne-defined benefit members. The sub-plan was closed to new members on 23 December 1993.

The sub-plan is a multi-employer sponsored plan. The fund's assets and liabilities are pooled and are not allocated by employer, and the actuary is unable to allocate benefit liabilities, assets and costs between employers reliably. As provided under Paragraph 32 (b) of AASB 119, the Council does not use the defined benefit accounting for these contributions, but as the majority of the members of the fund are employees of the Melbourne City Council group, the surplus or deficit of the fund is recorded in accordance to AASB119 at the consolidated level for reporting purposes. Member profiles will be reviewed periodically to determine if and when reporting at the individual entity level became appropriate. Refer to Note 1(u), Explanatory Note 4 for further details of how the fund has been reported in the Melbourne City Council's financial statements.

The Melbourne City Council makes employer contributions to the defined benefits category of the fund at rates determined by the fund's trustee on advice of the actuary. On the basis of the results of the most recent full actuarial investigation conducted by the fund's actuary as at 31 December 2005, the Trustee has determined that the funding arrangements were adequate for the expected City of Melbourne superannuation sub-plan liabilities and Melbourne City Council makes the following contributions:

- eight per cent of members' salaries (same as previous year); and
- the difference between resignation and retrenchment benefits paid to its retrenched employees (same as previous year).

The City of Melbourne superannuation sub-plan fund's liability was determined in the 31 December 2005 actuarial investigation pursuant to the requirements of the Australian Accounting Standard AAS 25 as follows:

	31 December 2005 $ millions
Net market value of assets	64.1
Accrued benefits (per accounting standards)	50.0
Difference between assets and accrued benefits	14.1
Vested benefits	52.7
Vested benefits index	121%

An asset of $2.171 million is recognised in the consolidated financial statements as the Council's share of the scheme's assets, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date.

The total amount of superannuation contributions paid by Melbourne City Council (inclusive of its wholly owned subsidiaries Queen Victoria Market Pty Ltd and Melbourne Wholesale Fish Market Pty Ltd) during the year was $5,888,007 (2005: $4,707,522).

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

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

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

The amount of superannuation contributions paid by CityWide Service Solutions Pty Ltd during the year was $1,766,940 (2005: $1,671,000).

The consolidated amount of superannuation contributions paid during the year was $7,654,947 (2005: $6,378,522).

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 22. Related party transactions

(a) Names of persons holding the position of a 'responsible person' at the Melbourne City Council during the financial year were:

Councillors

John So
Carl Jetter
David R Wilson
Catherine Ng
Gary Singer
Fraser Brindley
Brian Shanahan
Peter Clarke
Fiona Snedden

Chief Executive Officer

David Pitchford

(b) Remuneration of responsible persons in bands of $ 10,000

Income range	2006 No.	2005* No.
<$9,999	–	1
$10,000 – $19,999	–	11
$20,000 – $29,999	7	2
$30,000 – $39,999	–	1
$50,000 – $59,999	1	–
$120,000 – $129,999	1	1
$300,000 – $309,999	1	–
$310,000 – $319,999	–	1
	10	17
	2006 $'000	**2005* $'000**
Total remuneration for the financial year for responsible persons included above, amounted to:	675	686

*2005 includes members of the previous Melbourne City Council who were not re-elected.
They last met on the 25 November 2004. These members were:

David Ristrom   Kate Redwood   Kevin Chamberlin   Anthony Nicholson

Irene Goonan   Susan Riley   Kimberley Kitching

The new Melbourne City Council was sworn in on 2 December 2004.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 22. Related party transactions (continued)

(c) Senior officers' remuneration

The number of senior officers, other than the responsible persons, whose total remuneration exceeded $100,000 during the financial year, are shown below in their relevant income bands:

Income range	2006 No.	2005 No.
$100,000 – $109,999*	22	14
$110,000 – $119,999*	9	6
$120,000 – $129,999*	18	8
$130,000 – $139,999*	8	7
$140,000 – $149,999	6	11
$150,000 – $159,999	3	3
$160,000 – $169,999*	9	4
$170,000 – $179,999	2	3
$180,000 – $189,999	1	3
$190,000 – $199,999	1	–
$200,000 – $209,999	–	1
$210,000 – $219,999	–	1
$230,000 – $239,999	2	1
$240,000 – $249,999	3	1
$270,000 – $279,999^	1	2
$280,000 – $289,000^	–	1
$290,000 – $299,999^	–	1
	85	67

	2006 $'000	2005 $'000
Total remuneration for the financial year for senior officers included above, amounted to:	11,634	9,877

*include separation payments for 2005-06.
^includes separation payments for 2004-05

(d) Retirement benefits

No retirement benefits were paid by the Council in connection with the retirement of responsible persons during the financial year or in the previous financial year.

(e) Other transactions

Other related party transactions requiring disclosure this financial year have been considered and there are no matters to report. There were no matters to report in the previous financial year.

(f) Wholly-owned group

Melbourne City Council is the ultimate parent entity in the wholly-owned group. Transactions with the controlled entities, CityWide Service Solutions Pty Ltd, Queen Victoria Market Pty Ltd and Melbourne Wholesale Fish Market Pty Ltd during the year comprised of the following: car rental services, provision of accounting and administration services, property rental, contract sales, purchases of raw materials and plant and equipment and in accordance with the Tax Equivalence Policy, the receipt of payments which included tax equivalents for income tax, and payroll tax where applicable.
These transactions were made on normal commercial terms and conditions and at market rates.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 22. Related party transactions (continued)

(g) Other related party transactions

	Council	
	2006 $'000	**2005 $'000**
Debtor – CityWide Service Solutions Pty Ltd	2,322	2,797
Debtor – Queen Victoria Market Pty Ltd	87	51
Debtor – Melbourne Wholesale Fish Market Pty Ltd	45	37
	2,454	2,885
Creditor – CityWide Service Solutions Pty Ltd	5,925	7,547
Creditor – Queen Victoria Market Pty Ltd	294	–
	6,219	7,547
Interest bearing loan to CityWide Service Solutions Pty Ltd	296	367
Intercompany revenue		
Dividends	2,883	2604
Interest on loan to CityWide Service Solutions Pty Ltd (7.79%)	26	15
Other	8,176	8,276
Total intercompany revenue	11,085	10,895
Intercompany expenditure		
CityWide Service Solutions Pty Ltd	38,038	39,422
Total intercompany expenditure	38,038	39,422

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 23. Financial instruments

Accounting policy, terms and conditions

Financial Instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash and cash equivalents	18	Cash on hand and at bank and money market call account are valued at face value.	Council: On call deposits returned a floating interest rate of 5.28 per cent (5.22 per cent in 2004-05).
Bank bills and negotiable certificates of deposits	18	Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Fixed interest securities are valued at cost.	Council: Managed fund provided return of 5.78 per cent (5.59 per cent in 2004-05) excluding unrealised gains/losses
Trade and other receivables			
Rate debtors	5	Rates are carried at nominal amounts due plus interest. Rate debts are a charge attached to the rateable land and are recoverable on sale, therefore, no provision for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by four installments during the year. Arrears, including deferred rates, attract interest. The interest rate was 11 per cent (11.5 per cent in 2004-05) at balance date for general rates.
Parking infringement debtors	5	PINS/PERIN Court debtors are measured at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	Parking infringements are unsecured. The provision for parking infringement doubtful debts is calculated as a percentage of total parking infringement revenue and has been evaluated and recognised based on previous payment and collection history.
Other debtors	5	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 30 days from date of invoice.
Investments	7	Investments for the Council include all wholly owned subsidiaries, wholly controlled trust of the Council and associated entities. Investments the consolidated entity includes interests in other entities and associated entities.	Investments in other entities are valued at historical cost. Investments in associate entities are accounted for using equity accounting principles.
Financial liabilities			
Trade and other payables	12	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days from date of invoice.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 23. Financial instruments (continued)

(a) Interest rate risk

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

	Weighted average interest rate per cent		Floating interest rate		Fixed interest rate maturities one year or less		Non-interest bearing		Total	
	2006 %	2005 %	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Financial assets										
Cash	5.23%	5.07%	8,319	3,545	–	–	44	41	8,363	3,586
Short term deposits	5.69%	5.51%	–	–	7,049	5,167	–	–	7,049	5,167
Bank bills and negotiable certificates of deposits	5.77%	5.59%	–	–	113,761	164,476	–	–	113,761	164,476
Rate debtors			–	–	–	–	1,317	1,529	1,317	1,529
Sundry debtors			–	–	–	–	31,704	30,720	31,704	30,720
Investments			–	–	–	–	7,541	7,738	7,541	7,738
			8,319	3,545	120,810	169,643	40,606	40,027	169,735	213,215
Financial liabilities										
Trade creditors			–	–	–	–	9,343	8,187	9,343	8,187
Deposits and retentions			–	–	–	–	1,842	1,847	1,842	1,847
			–	–	–	–	11,185	10,035	11,185	10,035
Net financial assets			**8,319**	**3,545**	**120,810**	**169,643**	**29,422**	**29,993**	**158,551**	**203,181**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 23. Financial instruments (continued)

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

	Weighted average interest rate per cent		Floating interest rate		Fixed interest rate maturities one year or less		Non-interest bearing		Total	
	2006 %	2005 %	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Financial assets										
Cash	5.28%	5.14%	2,510	348	–	–	29	28	2,539	376
Short term deposits	5.70%	5.25%	–	–	2,711	832	–		2,711	832
Bank bills and negotiable certificates of deposits	5.78%	5.59%	–	–	108,719	159,576	–	–	108,719	159,576
Rate debtors			–	–	–	–	1,317	1,529	1,317	1,529
Sundry debtors			–	–	–	–	23,752	23,538	23,752	23,538
Investments			–	–	–	–	37,054	37,026	37,054	37,026
			2,510	348	111,430	160,408	62,152	62,121	176,092	222,877
Financial liabilities										
Bank overdraft										
Trade creditors			–	–	–	–	6,896	7,437	6,896	7,437
Deposits and retentions			–	–	–	–	1,426	1,454	1,426	1,454
			–	–	–	–	8,322	8,890	8,322	8,890
Net financial assets			**2,510**	**348**	**111,430**	**160,408**	**53,830**	**53,231**	**167,770**	**213,987**

(b) Reconciliation of net financial assets to net assets

	Consolidated		Note	Council	
	2006 $'000	2005 $'000		2006 $'000	2005 $'000
Net financial assets as above	**158,551**	**203,181**		**167,770**	**213,987**
Non financial assets and liabilities:					
Inventories	373	428	**6**	–	–
Intangible assets	5,711	4,993	**10**	5,194	4,477
Other assets	2,916	4,994		3,805	6,092
Property, infrastructure, plant and equipment	2,065,257	1,943,194	**9**	2,021,346	1,903,946
Investment properties	60,680	56,629		60,680	56,629
Net assets of City of Melbourne Defined Super Fund	2,172	1,531		–	–
Accruals	(27,683)	(31,200)	**12**	(24,216)	(28,004)
Income in advance	(3,144)	(3,879)	**2**	(677)	(1,794)
Employee entitlements	(25,283)	(22,405)	**13**	(20,013)	(17,973)
Provisions	(318)	(1,165)	**14**	(320)	(669)
Net assets per statement of financial position	**2,239,232**	**2,157,833**		**2,213,569**	**2,136,690**

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 23. Financial instruments (continued)

(c) Net fair values

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

Consolidated	Carrying amount 2006 $'000	Carrying amount 2005 $'000	Net Fair Value 2006 $'000	Net Fair Value 2005 $'000
Financial assets				
Cash	8,363	3,586	8,363	3,586
Rate debtors	1,317	1,529	1,317	1,529
Sundry debtors	31,704	30,720	31,704	30,720
Short term deposits	7,049	5,167	7,049	5,167
Bank bills and negotiable certificates of deposits	113,761	164,476	113,088	164,476
Investment in unlisted entities	7,541	7,738	7,541	7,738
	169,735	**213,215**	**169,062**	**213,215**
Financial liabilities				
Trade creditors	9,343	8,187	9,343	8,187
Deposits and retentions	1,842	1,847	1,842	1,847
	11,185	**10,035**	**11,185**	**10,035**

Council	Carrying amount 2006 $'000	Carrying amount 2005 $'000	Net Fair Value 2006 $'000	Net Fair Value 2005 $'000
Financial assets				
Cash	2,539	376	2,539	376
Rate debtors	1,317	1,529	1,317	1,529
Sundry debtors	23,752	23,538	23,752	23,538
Short term deposits	2,711	832	2,711	832
Bank bills and negotiable certificates of deposits	108,719	159,576	108,047	159,576
Investment in unlisted entities	37,054	37,026	37,054	37,026
	176,092	**222,877**	**175,420**	**222,877**
Financial liabilities				
Trade creditors	6,896	7,437	6,896	7,437
Deposits and retentions	1,426	1,454	1,426	1,454
	8,322	**8,890**	**8,322**	**8,890**

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

- cash, cash equivalents and short-term deposits – the carrying amount approximates fair value because of their short term to maturity;
- trade debtors and creditors – the carrying amount approximates fair value; and
- bank bills and negotiable certificates of deposits – there are market prices quoted daily for securities issued by any of the major four banks.

For any other securities, a reasonable estimate of the fair value has been determined by reference to the current market value of a quoted security, and adding a credit risk margin, which is determined by reference to historical data.

Fixed interest securities are valued at cost.

Notes to and forming part of the financial report

For the year ended 30 June 2006

Note 23. Financial instruments (continued)

(d) Credit risk exposures

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

Note 24. Financial ratios

	Consolidated				Council			
	2006		2005	2004	2006		2005	2004
(a) Debt servicing ratio								
Debt servicing cost	0	0	0	0	0	0	0	0
Total revenue	330,184				264,141			

To identify the capacity of the Council to service its outstanding debt.
The Council is debt free, so no ratio is reported.

	Consolidated				Council			
	2006		2005	2004	2006		2005	2004
(b) Debt commitment ratio								
Debt servicing and redemption costs	0	0	0	0	0	0	0	0
Rate revenue	127,766				127,769			

To identify Council's debt redemption strategy.
The Council is debt free, so no redemption strategy is reported.

	Consolidated				Council			
	2006		2005	2004	2006		2005	2004
(c) Revenue ratio								
Rate revenue	127,766	39%	39%	39%	127,769	48%	48%	48%
Total revenue	330,184				264,141			

To identify Council's dependence on rates.

	Consolidated				Council			
	2006		2005	2004	2006		2005	2004
(d) Debt exposure ratio								
Total indebtedness	67,612	15%	16%	16%	53,548	12%	14%	14%
Total realisable assets	452,702				428,864			

To identify Council's exposure to debt.
15 per cent of realisable assets is required to cover debt in 2006.

	Consolidated				Council			
	2006		2005	2004	2006		2005	2004
(e) Working capital ratio								
Current assets	165,482	260%	321%	377%	142,843	283%	351%	464%
Current liabilities	63,662				50,484			

To assess Council's ability to meet current commitments.
For every dollar of current liabilities, Council has $2.60 of current assets in 2006.

Definitions

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

Statement by Councillors, Chief Executive and Principal Accounting Officer on the Financial Report

For the year ended 30 June 2006

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

Martin Cutter (FCA)
Principal Accounting Officer

In our opinion the accompanying financial report presents fairly the financial transactions of the Melbourne City Council Group and the Melbourne City Council for the year ended 30 June 2006 and the financial position of the Melbourne City Council Group and the Melbourne City Council as at that date.

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

We were authorised by the Council on 29 August 2006 to certify the financial report in its final form.

John So

John So
Lord Mayor

Brian Shanahan
Councillor

David Pitchford

David Pitchford
Chief Executive

Melbourne
29 August 2006

AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Melbourne City Council

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2006 relates to the financial report of Melbourne City Council included on its web site. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2006 of Melbourne City Council consists of the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report, and the certification of the financial report.

The accompanying standard statements for the year ended 30 June 2006 of the Council consists of the standard statement of financial performance, standard statement of financial position, standard statement of cash flows, standard statement of capital works, the related notes and the Statement by Councillors, Chief Executive and Principal Accounting Officer on the Financial Report.

Councillors' Responsibility

The Councillors of Melbourne City Council are responsible for:

- the preparation and presentation of the financial report and the standard statements, and the information they contain, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act* 1994, an independent audit has been carried out in order to express an opinion on the financial report and standard statements. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report and standard statements
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Councillors

Independent Audit Report (continued)

- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report and standard statements.

These procedures have been undertaken to form an opinion as to whether:

- the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act* 1989, so as to present a view which is consistent with my understanding of the Council's financial position, and its financial performance and cash flows
- the standard statements are presented fairly in accordance with the basis of preparation described in note 1, comply with the requirements of the *Local Government Act* 1989, and the "actual" amounts are correctly extracted from the financial report. While the standard statements have to be prepared on a basis consistent with the financial report they are not required to meet all of the presentation requirements of Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

Audit Opinion

In my opinion:

(a) the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act* 1989, the financial position of Melbourne City Council as at 30 June 2006 and its financial performance and cash flows for the year then ended

(b) the standard statements are presented fairly in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act* 1989.

MELBOURNE
1 September 2006

JW CAMERON
Auditor-General

Glossary

Annual Community Satisfaction Survey An independent annual survey of community satisfaction, jointly sponsored by the Department for Victorian Communities and local governments.

AS/NZS ISO 9001 A Joint Australian/New Zealand standard for quality management systems.

Auditor-General's Office An independent officer of the Parliament, appointed under legislation, to examine and report to Parliament and the community on the efficient and effective management of public sector resources, and provide assurance on the financial integrity of Victoria's system of government.

Best Value Victorian Government legislation that required councils to review all their services and adopt service delivery models that are the best available, to meet the needs of the community.

Council works Work on council-owned assets including new, expansion, upgrade, renewal or disposal work. Also known as capital works.

Caretaker period The period prior to an election during which an incumbent council cannot make significant decisions that could have an impact on a newly-elected council.

CH_2 CH_2 (short for Council House Two) is the name of the City of Melbourne's new administration building, located on the corner and Swanston and Little Collins streets. CH_2 will be completed in 2006.

City Index Published every two years, *City Index* monitors the City of Melbourne's performance on a range of social, environmental and economic indicators. Results are used to measure our progress towards the vision of *City Plan 2010*: a thriving and sustainable city.

City of Melbourne The local government body that manages the municipality of Melbourne.

City Plan 2010 The City of Melbourne's long-term vision for the municipality.

Continuous Improvement The process of ensuring that review and improvement practices are built into operational activities.

Directors Forum The Directors Forum includes the chief executive and the City of Melbourne's seven directors, and is responsible for considering high-level management and administrative issues.

Council Melbourne City Council, comprising a leadership team (lord mayor and deputy lord mayor) and seven councillors.

Council Plan The City of Melbourne's *Council Plan 2005-2009* is the key document that guides the organisation's strategic direction for a four-year period. This document is a requirement of the *Local Government Act* (1989).

Executive management team A team of executive-level officers who report, directly or through a manager, to a director. This team is responsible for liaising with staff and ensuring City of Melbourne initiatives are implemented and policies are complied with.

Financial Year The financial year we are reporting on in this annual report is the period from 30 June 2005 to 1 July 2006.

Global Reporting Initiative The Global Reporting Initiative is a multi-stakeholder process and an independent institution with a mission is to develop and disseminate globally applicable sustainability reporting guidelines.

Governance Taking responsibility for the economic and ethical performance of the municipality, the underlying principles of which are openness, inclusion, integrity and accountability.

Infrastructure The basic facilities required for the functioning of the community, such as parks, gardens, roads, street cleaning and bicycle paths.

Integrated Planning Framework A strategic planning framework that shows how our key planning documents relate to each other and the different roles they perform.

Internal Audit An independent appraisal function that examines and evaluates the City of Melbourne's financial, management and internal control systems.

Melbourne City Council Melbourne City Council comprises a leadership team (lord mayor and deputy lord mayor) and seven councillors. Melbourne City Council is also the formal title of our organisation.

Policy An endorsed, prescriptive framework which guides decision making to help us reach our long-term goals.

SafetyMAP Safety Management Achievement Program (SafetyMAP) accreditation is an audit tool that measures the organisation's health and safety management system. SafetyMAP helps establish a safer working environment, protecting people at work by eliminating (or better managing) health and safety hazards.

Stakeholder A person or group who has an interest in, or is affected by, the actions and decisions of the City of Melbourne.

Standard and Poor's One of the world's leading providers of credit ratings.

Sustainability Meeting the needs of the present community without compromising the ability of future generations to meet their own needs.

VicUrban VicUrban is the Victorian Government agency responsible for the management of Docklands. It is an urban development agency, committed to sustainable development, affordable housing and prosperous and successful communities.

Victorian Electoral Commission Victorian Electoral Commission is the body that conducts local government elections in Victoria. www.vec.vic.gov.au

WorkCover The Victorian WorkCover Authority is the regulator of Victoria's workplace health and safety, workers' occupational rehabilitation and compensation system and insurance scheme.

Acronyms

AIFRS Australian equivalent to International Financial Reporting Standards

AIG Australian Industry Group

BIS Business Information Services

BPC Business Partner City

CAE Council of Adult Education

CBD Central Business District

CCMS Corporate Contract Management System

CE Chief Executive

CH$_2$ Council House Two

CLUE Census of Land Use and Employment

CLAD Corporate Learning and Development

COM City of Melbourne

COMPAS City of Melbourne Permit Application System

CRM Customer Relationship Management

EAP Employee Assistance Program

EEG Export Entry Grants

EFT Equivalent Full Time (staff)

EMT Executive Management Team

EPA Environment Protection Agency

FCA Fellow of Chartered Accountants

GRI Global Reporting Initiative

ICLEI International Centre for Local Environment Initiatives

IFRS International Financial Reporting Standards

KPI Key Performance Indicator

KSA Key Strategic Activity

LGMA Local Government Managers Australia

LG Pro Local Government Professionals Inc.

LLENS Capital City Local Learning and Employment Network

MAV Municipal Association of Victoria

MAPES Mayor's Asia-Pacific Environmental Summit

NAV Net Annual Value

NCD Negotiable Certificates of Deposit

NCP National Competition Policy

OHS Occupational Health and Safety

PINS Parking Infringement Notice Systems

SafetyMAP Safety Management Achievement Program

SEAV Sustainable Energy Authority Victoria

TBL Triple Bottom Line

UNEP United Nations Environment Program

UNESCO United Nations Educational, Scientific and Cultural Organisation

UNGC United Nations Global Compact

VAGO Victorian Auditor-General's Office

VEC Victorian Electoral Commission

VECCI Victorian Employers' Chamber of Commerce and Industry

Index

Item	Page(s)
Acronyms	173
Advocacy	47, 50-55, 59, 100
Aged care	51-52
ArtPlay	49, 59, 69
Arts and culture	Inside front cover, 19, 32, 37-38, 48, 56, 58, 59, 94, 96-97
Audit Committee	12, 13, 14, 76, 81-82, 113
Auditor General	82, 111, 113, 114, 121, 171
Awards	Inside front cover, 6, 56, 67, 68-69, 83, 96-97
Best Value	10, 67, 82-84, 100
Bike paths	29, 94
Biodiversity	63
Business development	Inside front cover, 34-39, 99
Business Melbourne	17, 43
Capital (council) works	19, 30-31, 45, 71, 93, 94, 103, 115, 124-125, 171, 177
Chief executive	Inside front cover, 5, 15, 16, 17, 24, 77, 84, 106, 107, 110, 115, 162, 170, 171, 172
Children	18, 50-51, 58, 83, 100, 141
Child care	2, 18, 19, 50, 72, 78, 83, 86, 100, 103, 138 141, 177
CH$_2$	Inside front cover, 3, 5, 19, 30, 69, 93, 102, 103, 108, 159, 172
Code of conduct	73-74
Committees	12-15, 68, 71, 74-77, 80, 81-82, 89,
Community services	15, 17, 40-41, 45, 50-55, 59, 74, 93
Commonwealth Games	Inside front cover, 2, 3, 5, 18, 19, 20, 29, 30, 36, 37, 41, 42, 43, 45-49, 56, 58, 59, 61, 63, 80, 81, 93, 96-97, 106-107, 119, 125, 140,
Consultations	24, 71-72
Corruption	80-81
Councillor expenses	78-79
Councillor meeting attendance	12-15, 76, 77
Councillors	12-15, 16, 79, 82, 86,
Council plan	Inside front cover, 5, 11, 16, 19, 20-21, 26, 74, 81, 98,
Council (capital) works	19, 30-31, 45, 71, 93, 94, 103, 115, 124-125, 171, 177
Customer service	Inside front cover, 10, 20, 67, 83, 86, 90,
Delegations	80
Directors	Inside front cover, 15, 16, 18-20
Directors Forum	16, 107
Disability	15, 41, 46, 52, 76, 88,
Diversity	55, 88, 100
Documents for inspection	72, 80
Donations and grants	2, 35, 43, 52, 53, 80, 81, 93, 94, 99,
Election	12, 73, 84
Employees (staff)	Inside front cover, 67-68, 70, 71, 72, 73, 80, 84-89, 102

Index (continued)

Item	Page(s)
Enterprise agreement	Inside front cover, 19, 68, 89
Equal employment opportunity	88
Environment	13, 23, 35, 60-64, 74, 105
Events	Inside front cover, 2, 6, 14, 17, 20, 35, 36, 43, 45-49, 56, 58, 63, 68, 87, 96-97
Families	48, 50-51
Financial statements	112-171
Financial highlights	92-94
Food safety	42
Freedom of information	79
Global Reporting Initiative	Inside front cover, 22-24, 103
Glossary	172
Governance	66, 72-84
Greenhouse gas emissions	Inside front cover, 63-64, 101
History	3, 5, 6
Home-delivered meals	52
Human resources	84-89
Immunisation	50-51
Indigenous	6, 18, 47, 52-53, 58, 59, 63, 76, 100
Insurance	8, 80-81, 84, 88, 143, 153, 172,
Internal audit	82
International relations	29, 37-38
Libraries	2, 18, 19, 31, 54, 70, 74, 83, 132, 157, 160
Leadership	Inside front cover, 12, 19, 60, 67, 68-69, 86
Leadership team	12
Learning and development	80, 86, 87
Legislative compliance	72, 79-84
Marketing	35-36, 43
Maternal and child health	50, 51, 100
Maps	6
Melbourne statistics	6-8
Mission	10
National Competition Policy	80
Occupational health and safety	68, 81, 87-88
Ombudsman	5, 80, 90
Organisational structure	16-17
Parks	6, 30, 53, 56, 63, 84, 93, 94, 98, 109
Performance at a glance	Inside front cover
Performance reports	26-94
Performance statement	104-111
Places for people	19, 42

Index (continued)

Item	Page(s)
Population	6-8
Ports	6, 30
Public transport	Inside front cover, 8, 18, 29, 98, 104
Recycling	47, 61, 63, 64, 101
Retail	Inside front cover, 20, 31, 35-36, 38, 56, 58
Risk	19, 47, 80-81
Roads/footpaths	Inside front cover, 31, 61, 94, 99,
Safety	29, 35, 38, 41, 42, 47, 50, 52, 53, 68, 81, 87-88
Sister cities	29, 37-38
Staff (employees)	Inside front cover, 67-68, 70, 71, 72, 73, 80, 84-89, 102
Stakeholders	24, 68, 71-72
Sustainability reporting	Inside front cover, 22-24, 67
Syringes	53
Values	10, 68, 73, 86
Vision	10
Water consumption	61-62
Water sensitive urban design	62
WaterMark	61-62
Waste management	Inside front cover, 18, 41, 63, 102, 108,
Whistleblowers	80
WorkCover	88

Five-year statistics

Financial statistics		2002	2003	2004	2005	2006
Rates						
Number of assessments (rateable)	number	35,116	38,903	42,794	47,665	52,742
Rate in $						
– residential	cents	6.56	5.66	5.77	5.00	5.15
– commercial	cents	8.10	6.41	6.54	5.82	6.00
Increase in rate revenue	%	2.5%	0.0%	2.0%	2.0%	3.0%
Net rate income	$ million	104.7	107.3	113.8	119.2	127.8
Financial[1]						
Total revenue	$ million	249.2	220.8	235.9	247.9	264.1
Total operating expenditure[3]	$ million	227.4	211.3	194.0	230.4	247.3
Total capital works expenditure	$ million	30.9	40.2	36.1	65.4	94.7
Surplus/(deficit) for the year[2]	$ million	21.8	9.5	41.8	14.2	14.8
Debt service cost	%	0.0	0.0	0.0	0.0	0.0
CPI increase	%	2.8%	3.3%	2.2%	2.5%	2.8%
Human Resources[1]						
Total number of employees	Number	992	1,009	1,071	1,101	1,147
Staff turnover – permanent staff	%	12.3%	11.2%	11.2%	11.5%	15.0%
City development						
Building applications received	number	364	247	203	223	170
Planning applications received	number	1,385	1,306	1,339	1,241	1,234
Transport and traffic						
Construction and resurfacing[4]	sq. mtr asphalt laid	160,504	215,289	211,499	131,528	152,099
Bluestone footpath	sq metre laid	1,828	1,961	1,963	3,716	2,275
Parking revenue*	$ million	23.4	24.3	26.7	26.4	27.7
Refuse						
Weight of refuse collected	000 tonnes	16.5	16.0	17.7	17.6	18.4
Mass of material recycled	000 tonnes	3.5	3.4	4.0	5.1	4.2
Parks and gardens						
Parks and gardens maintained	hectares	477	477	477	482	482
Child care						
Number of full-time child care places	number	141	160	168	167	170
Home-delivered meals						
Number of meals delivered	number	33,577	35,001	34,416	35,362	37,516
Recreation						
Attendance at recreation centres	number	1,001,425	1,076,290	1,120,035	962,201	865,630
Attendance at golf course	number	49,655	45,266	40,618	41,343	38,335

*includes parking meters and carparks 1: City of Melbourne only 2: Prior to asset revaluations 3: Operating expenditure - 2004 includes an adjustment to depreciation for main roads ($27.3 million) 4: In 2003-04, main roads were transferred to VicRoads.

Notes

Annual Report 2005-06

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