



# **Quarterly Financial Report**

## **June 2011**

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## DIVISIONAL RESULTS

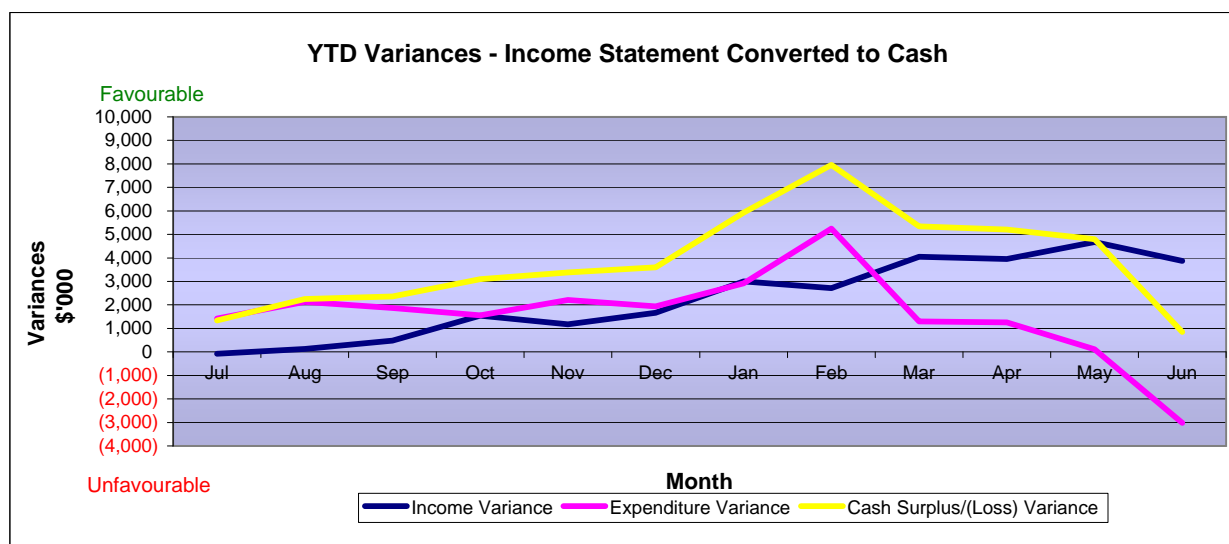
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**Income Statement Converted to Cash  
for the Twelve Months Ended 30 June 2011**

	YTD Actual (\$'000)	YTD Budget (\$'000)	YTD Variance (\$'000)	Annual Budget (\$'000)	Annual Forecast (\$'000)
<b>REVENUE</b>					
Rates	82,354	82,401	(48)	82,401	82,401
Government Grants	10,150	9,128	1,022	9,128	9,098
Contributions	2,716	1,200	1,516	1,200	1,200
Parking Revenue	24,492	23,900	592	23,900	23,782
Capital Grants	2,695	3,430	(736)	3,430	3,430
Fees & Charges	14,056	14,429	(374)	14,429	14,540
Interest Received	2,858	1,000	1,858	1,000	2,300
Other Income	10,556	8,988	1,568	8,988	8,725
Proceeds on sale of Assets	(4,335)	0	(4,335)	0	0
<b>TOTAL REVENUE</b>	<b>145,540</b>	<b>144,475</b>	<b>1,065</b>	<b>144,475</b>	<b>145,476</b>
<b>EXPENDITURE</b>					
Employee Costs	57,663	52,985	(4,678)	52,985	54,418
Contract Services	35,508	37,452	1,945	37,452	37,811
Materials & Other Costs	28,033	26,613	(1,422)	26,612	26,660
Depreciation	15,495	16,652	1,157	16,652	16,652
Interest Paid	229	130	(99)	130	130
<b>TOTAL EXPENDITURE</b>	<b>136,927</b>	<b>133,831</b>	<b>(3,096)</b>	<b>133,831</b>	<b>135,671</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>8,613</b>	<b>10,645</b>	<b>(2,031)</b>	<b>10,645</b>	<b>9,805</b>
<i>Less Depreciation</i>	15,495	16,652	1,157	16,652	16,652
<i>Less Gain on Contributed asset(s)</i>	(296)	0	296	0	0
<i>Plus (Profit) / Loss on sale of Assets</i>	4,335	0	(4,335)	0	0
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>28,147</b>	<b>27,297</b>	<b>850</b>	<b>27,297</b>	<b>26,457</b>
St Kilda triangle settlement (cash costs)	2,000	2,000	0	2,000	2,000
Capital Works Expenditure	15,488	26,448	10,960	26,448	26,650
Capital Carry Over 2010/2011	3,397	12,097	8,700	12,097	12,055
Capital Expenditure	2,230	1,884	(346)	1,884	1,884
Capital Proceeds	0	0	0	0	0
Transfers (to) Statutory Reserves	2,716	1,200	(1,516)	1,200	1,200
<b>TOTAL CAPITAL</b>	<b>25,831</b>	<b>43,629</b>	<b>17,798</b>	<b>43,629</b>	<b>43,789</b>
<b>NET OPERATING SURPLUS / (DEFICIT) AFTER CAPITAL WORKS</b>	<b>2,316</b>	<b>(16,333)</b>	<b>18,649</b>	<b>(16,332)</b>	<b>(17,331)</b>
Loan Repayments	(526)	(526)	0	(526)	(526)
Transfers from Statutory Reserves	1,700	1,700	0	1,700	1,700
Net Transfers (To) / From General Reserves	(837)	1,060	(1,897)	1,060	1,527
<b>SURPLUS / (DEFICIT)</b>	<b>2,653</b>	<b>(14,099)</b>	<b>16,752</b>	<b>(14,098)</b>	<b>(14,630)</b>
2009/10 Carry Over Surplus/(Deficit)	1,332	1,332	0	1,332	1,332
B/Fwd Surplus to Fund Capital Carry Over	14,097	14,097	0	14,097	14,097
Capital works carried over to 2011/12	(17,193)	0	(17,193)	0	0
<b>NET SURPLUS / (DEFICIT)</b>	<b>889</b>	<b>1,330</b>	<b>(441)</b>	<b>1,331</b>	<b>799</b>

## Income Statement Converted to Cash for the Twelve Months Ended 30 June 2011



Note - Target for Cash Surplus/(Loss) Variance is zero.

### Key Income Variances

Income has a **favourable variance of \$1.065M** due to the following offsetting factors:

**Interest Income favourable by \$1.858M** Full year interest revenue of \$2.858 million exceeded the original budget of \$1.0 million by \$1.858 million. This variance which is attributable to delays in expending Councils capital works program as well as a firmer interest rate environment has been flagged during the year with increases of \$1.3 million to the current forecast of \$2.3 million.

**Contributions are favourable by \$1.516M** due to greater than anticipated developer contributions. The majority of this income has been received in relation to developments in the Albert Park \$840K and Elwood \$573K area. This income has been transferred to a statutory reserve.

**Government Grants favourable by \$1.022M** due to greater than expected government grant received throughout the organisation. The additional government grants were received in the areas of Community Development \$158K, Culture and Leisure \$241K, Diversity and Ageing \$218K, Family Youth & Children \$133K and Finance \$144K.

### Key Expenditure Variances

Expenditure (excluding depreciation) is **unfavourable by \$3.096M** due to the following factors:

**Employee Costs are unfavourable by \$4.678M** This variation is mainly due to the impact of the superannuation shortfall of \$2.04 million which was \$1.74 million more than the amount budgeted and is reflected in the forecast. This overrun has been partly offset by favourable adjustments totalling \$284K on Councils employee entitlement provisions for annual and long service leave. An offsetting transfer of \$1.74 million has been made from Councils discretionary reserves to fund the superannuation shortfall and the reserves will be replenished over the next six years in line with a Council decision to settle this liability in full. The incorporation of the Streetsahead Joint Venture into the accounts has also given rise to an unbudgeted salary expense of \$2.637 million which represents Council's share of the salaries paid by Streetsahead.

### Materials and Other Costs are unfavourable by \$1.422M

(a) Finance and Investments \$880K unfavourable due to:

(i) Lease Charges unfavourable (\$472K) This represents Council's share of the unbudgeted lease charges expenditure incurred by the Streetsahead Joint Venture.

(ii) Materials unfavourable (\$403K) This represents Council's share of the unbudgeted expenditure on materials incurred by the Streetsahead Joint Venture.

(b) Governance and Engagement \$622K unfavourable due to

(i) Civic Governance unfavourable (\$306K) professional services which relate to the payment of barristers fees in an ongoing insurance claim against Council. We are awaiting a judges decision on the case.

(ii) Insurance unfavourable (\$355K) resulting from a payment against a public liability claim in relation to a workplace accident that occurred in 2007. Council is attempting to recoup the costs of this claim through legal action. This may not be settled until next financial year. Consideration be given to a forecast budget change.

(b) This is offset by a favourable variance in expenditure on Non Capital Projects of \$717K throughout the organisation.

**Contract Payments is favourable by \$1.945M** due to the consolidation adjustment of \$2.517 million that reverses Council's 50% share of contract payments made to the Joint Venture.

## Major Full Year Forecast changes for the Year Ending 30 June 2011

Item	YTD Full Year Forecast Change	Reason
Interest	\$1.300M	Excess cash available for investment and firmer interest rates.
Street Occupation Fees	\$320K	Increased demand for street permits.
Parking fees	\$275K	Increased parking machine uptime.
Utilities	\$236K	Councils decision to reduce Green Power purchase from 50% to 25% and reallocate the savings to the building retrofits program.
Sundry Income	\$142K	Increase revenue from sales of revaluation data and supplementary rates.
Materials - parking	\$100K	Due to replacement old parking machines over the past financial year; has seen a decrease in material (maintenance) cost, as new machines are under warranty period.
Parking -PINS	\$100K	Based on current enforcement figures which have been consistent throughout 2010/11.
Foreshore and Open Space	\$91K	Higher then anticipated foreshore events revenue.
Visitor parking Permits	\$59K	Higher then anticipated revenue.
Insurance	(\$959K)	Increase due to a Public Liability claim and associated legal costs
Parking Administration	(\$471K)	Withdrawal running 3% higher than budgeted due to interstate vehicle registrations not being factored into initial budget.
St Kilda Festival	(\$280K)	Loss of major sponsorship and increased security costs

\* Difference between budget and forecast change may vary due to minor favourable and unfavourable forecast changes throughout the organisation.

## Balance Sheet as at 30 June 2011

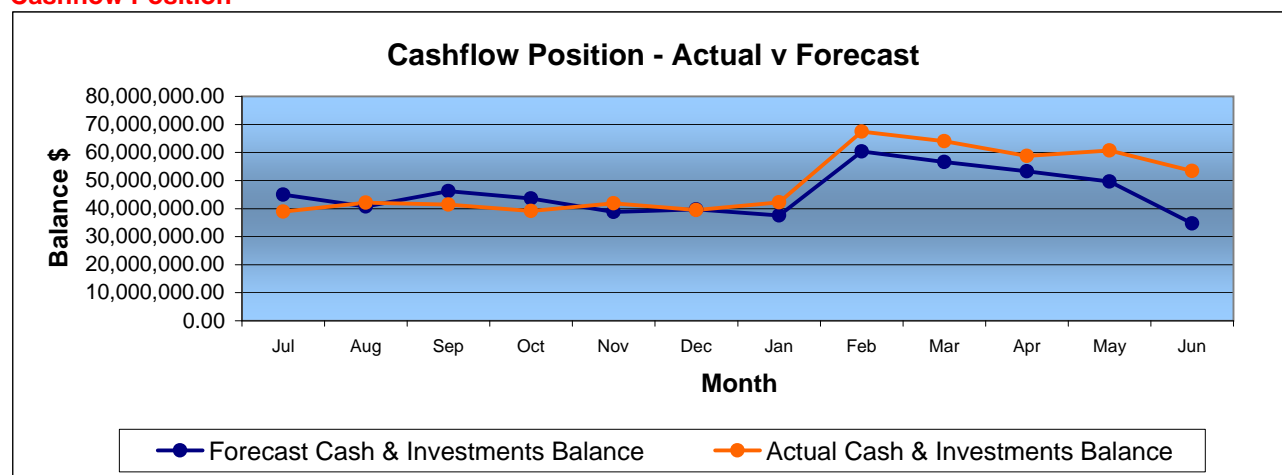
	30 June 2011 (\$'000)	30 June 2010 (\$'000)
<b>Current assets</b>		
Cash	27,369	30,049
Receivables	10,048	9,178
Financial assets	22,044	14,450
Other assets	1,043	1,777
<b>Total current assets</b>	<b>60,504</b>	<b>55,454</b>
<b>Non current assets</b>		
Financial assets	3,853	5,774
Property, infrastructure, plant and equipment	1,844,811	1,842,433
<b>Total non current assets</b>	<b>1,848,664</b>	<b>1,848,207</b>
<b>Total assets</b>	<b>1,909,168</b>	<b>1,903,661</b>
<b>Current liabilities</b>		
Payables	11,980	14,043
Provisions	8,076	7,529
Interest-bearing loans and Borrowings	852	838
Trust funds and deposits	2,825	2,352
<b>Total current liabilities</b>	<b>23,733</b>	<b>24,762</b>
<b>Non-current liabilities</b>		
Payables	0	1,500
Provisions	1,194	1,285
Borrowings	1,985	2,533
<b>Total non-current liabilities</b>	<b>3,179</b>	<b>5,318</b>
<b>Total liabilities</b>	<b>26,912</b>	<b>30,080</b>
<b>Net assets</b>	<b>1,882,256</b>	<b>1,873,581</b>
<b>Equity</b>		
Accumulated surplus	561,853	562,560
Reserve	1,320,403	1,311,021
<b>Total equity</b>	<b>1,882,256</b>	<b>1,873,581</b>

**Notes:**

( 1 ) Balance Sheet comparisons are based on corresponding period in prior year due to seasonality of Council's cash flow.

## Cashflow, Investments & Borrowings

### Cashflow Position



Council's cash position of \$53.4 million is favourable by \$18.7M against the year to date forecast budget of \$34.7 million. The main reason for this favourable variance is delays in expending the phased capital works budget.

### Investments as at 30 June 2011

Financial Institution	S & P Rating		Type of Investment	Principal Investment (\$'000)	Date Of Investment	Interest Rate %	No. of Days to Maturity
	Long (A-)	Short (A2)					
CBA	AA-	A1+	11am Account	4,500	-	-	At Call
Deutsche	AA-	A1+	Floating rate note	3,000	28-Feb-08	5.99	513
BankWest	AA-	A1+	Term Deposit	2,000	04-May-11	5.75	4
NAB***	AA-	A1+	Term Deposit	2,000	03-Jun-11	5.27	4
IMB***	BBB	A2	Term Deposit	1,000	06-Apr-11	5.80	6
BankWest***	AA-	A1+	Term Deposit	2,000	06-Jun-11	5.55	6
BankWest	AA-	A1+	Term Deposit	3,000	17-May-11	5.80	18
Bendigo***	BBB+	A2	Term Deposit	1,000	20-Jun-11	5.50	20
CBA***	AA-	A1+	Term Deposit	1,000	20-Jun-11	5.30	20
Members Equity***	BBB	A2	Term Deposit	1,000	02-Aug-11	6.00	33
Westpac***	AA-	A1+	Term Deposit	3,000	03-Jun-11	5.78	34
Bank of Queensland***	BBB+	A2	Term Deposit	1,000	15-Feb-11	6.30	46
Investec***	BBB	A2	Term Deposit	1,000	15-Feb-11	6.00	46
BankWest	AA-	A1+	Term Deposit	3,000	17-May-11	5.95	46
RaboBank***	AA-	A1+	Term Deposit	1,000	17-Feb-11	6.40	48
ING***	A	A1	Term Deposit	1,000	07-Mar-11	6.22	67
NAB	AA-	A1+	Term Deposit	5,000	18-Mar-11	6.10	76
Credit Union Australia***	BBB+	A2	Term Deposit	1,000	06-Apr-11	6.15	98
Westpac	AA-	A1+	Term Deposit	2,500	11-Apr-11	5.98	103
NAB	AA-	A1+	Term Deposit	1,660	04-May-11	6.29	309
NAB (LSL)	AA-	A1+	Term Deposit	5,884	10-Jan-11	6.35	194
Westpac	AA-	A1+	Term Deposit	2,000	04-Feb-09	5.00	220
CBA	AA-	A1+	Term Deposit	1,000	31-Jul-09	5.75	397
<b>Total</b>				<b>49,544</b>		<b>5.80*</b>	<b>151**</b>

\* Weighted Average Interest Rate to Maturity

\*\* Weighted Average No. of Days to Maturity from Month End Date

\*\*\*Principal Government Guaranteed

## Cashflow, Investments & Borrowings

### Summary of Investments by Financial Institution

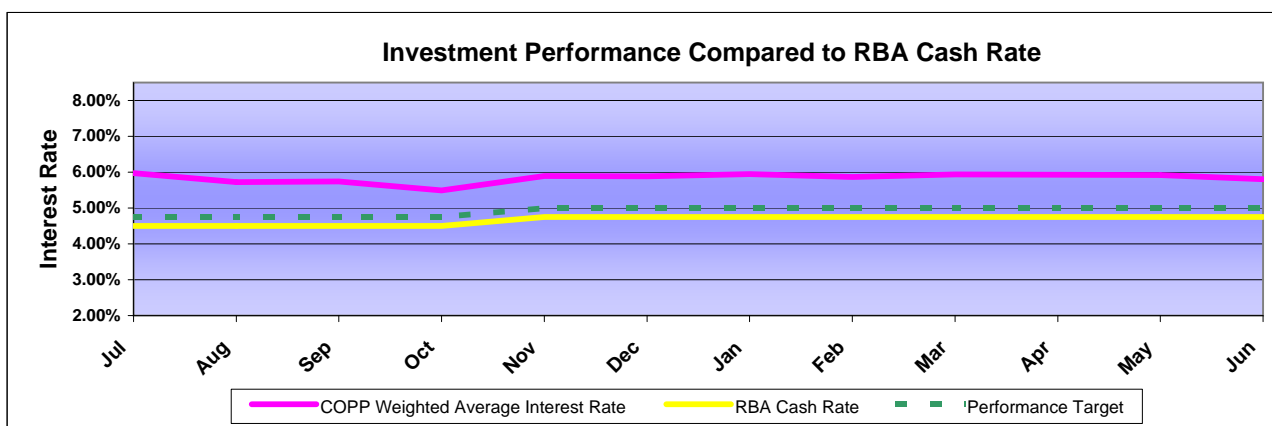
Financial institution	Funds invested \$000's	% of total funds invested
CBA	6,500	13.12%
Deutsche	3,000	6.06%
Westpac	7,500	15.14%
Bankwest	10,000	20.18%
Members Equity	1,000	2.02%
NAB	14,544	29.36%
Bendigo	1,000	2.02%
IMB	1,000	2.02%
CUA	1,000	2.02%
Bank of Qld	1,000	2.02%
Investec	1,000	2.02%
RaboBank	1,000	2.02%
ING	1,000	2.02%
	49,544	100.00%

Please note there is a \$1M Government guarantee per institution. As at 30 June 2011, \$12M of the investment portfolio is Government guaranteed. The investment with Deutsche Bank (non ADI) and deposits in excess of \$1M do not qualify for the Government guarantee.

### Reconciliation of Total Investments to Balance Sheet

	<u>\$'000</u>
Financial assets - current (per Balance Sheet)	22,044
Add:	
Impairment of Deutsche Bank FRN \$3.0 million	351
<b>Net Investments as at 30 June 2011</b>	<u><b>22,395</b></u>

### Investment Performance



Council's weighted average interest rate on investments at 30 June 2011 of 5.80% is 1.05% greater than the Reserve Bank of Australia cash rate of 4.75%.

### Borrowings Status

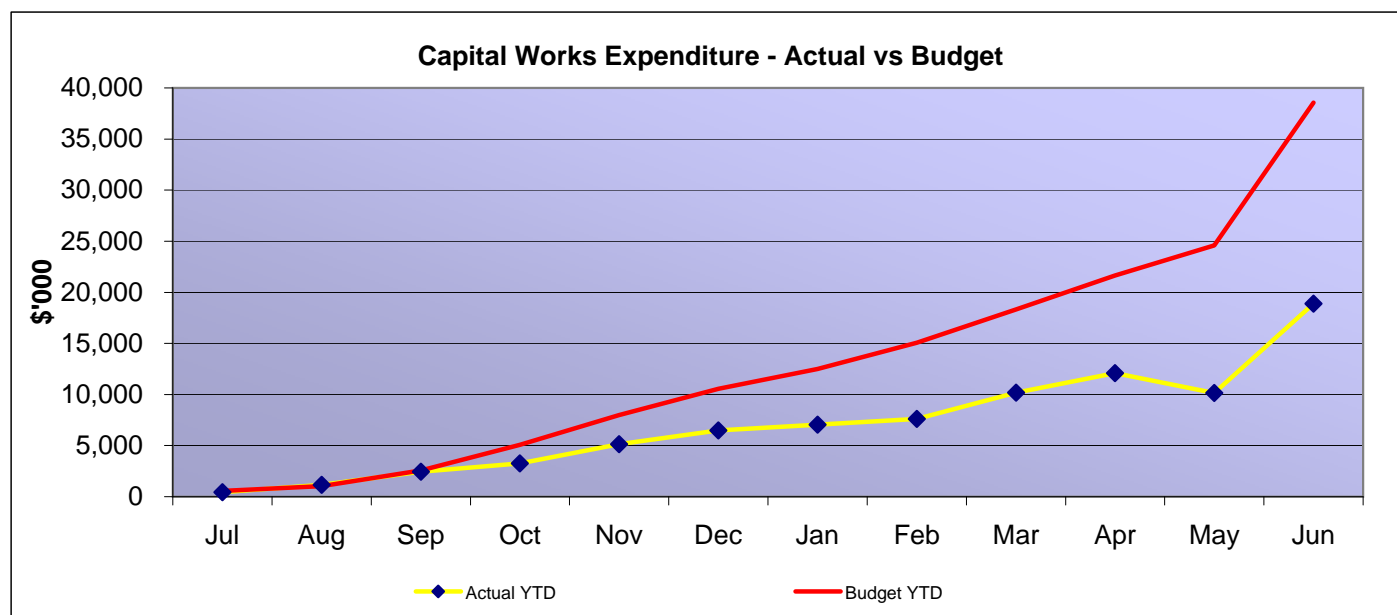
Financial Institution	Interest Rate %	Debt Principal As At 31/13/2011 (\$'000)	Principal Repaid Apr - Jun (\$'000)	Debt Principal As At 30/06/2011 (\$'000)
CBA Semi Government Loan 2	6.15	1,920	134	1,786
<b>Total</b>		<b>1,920</b>	<b>134</b>	<b>1,786</b>

#### NOTES:

- Loan repayments are made quarterly on both principal and interest components.
- For the period April 2011 to June 2011, \$134K was repaid from the principal and \$29K has been paid in interest.
- This differs from Council's balance sheet due to the inclusion of consolidated loans associated with Council's Streetsahead joint venture.

## Capital Works

### Capital Works Expenditure Variance



### Capital Works Statement for the Twelve Months Ended 30 June 2011

Asset Class	YTD Actual		YTD Budget		YTD Budget Variance		Full Year Budget		Full Year Forecast
	(\$'000)	% of FY Bud	(\$'000)	% of FY Bud	(\$'000)	% of FY Bud	(\$'000)	% of FY Bud	(\$'000)
Buildings	2,896	29%	9,915	98%	7,019	70%	9,915	98%	10,075
Roads	5,587	72%	7,845	101%	2,258	29%	7,845	101%	7,745
Drainage	786	127%	620	100%	(166)	-27%	620	100%	620
Kerb and channel	721	90%	800	100%	79	10%	800	100%	800
Streetscapes & open spaces	3,098	62%	4,976	100%	1,878	38%	4,976	100%	4,976
Footpaths	1,590	109%	1,365	93%	(225)	-15%	1,365	93%	1,465
Signage & street works	783	99%	790	100%	8	1%	790	100%	790
Planning and implementation	24	13%	137	77%	113	63%	137	77%	179
<b>Total 2010/11</b>	<b>15,484</b>	<b>58%</b>	<b>26,448</b>	<b>99%</b>	<b>10,964</b>	<b>41%</b>	<b>26,448</b>	<b>99%</b>	<b>26,650</b>
Cap works carried forward from 09/10	2,665	22%	5,383	45%	2,719	23%	12,097	100%	12,055
<b>Total capital works</b>	<b>18,149</b>	<b>47%</b>	<b>31,831</b>	<b>82%</b>	<b>13,682</b>	<b>35%</b>	<b>38,545</b>	<b>100%</b>	<b>38,705</b>

#### Reasons for significant variances against YTD Budget

##### Buildings - \$7.019M favourable

Continual delays to major projects St Kilda FCC and North Port Oval is the main factor for the variance. A summary of the other projects indicate expenditure is as expected; with increase in expenditure to coincide with construction claims over the remaining last quarter of the financial year.

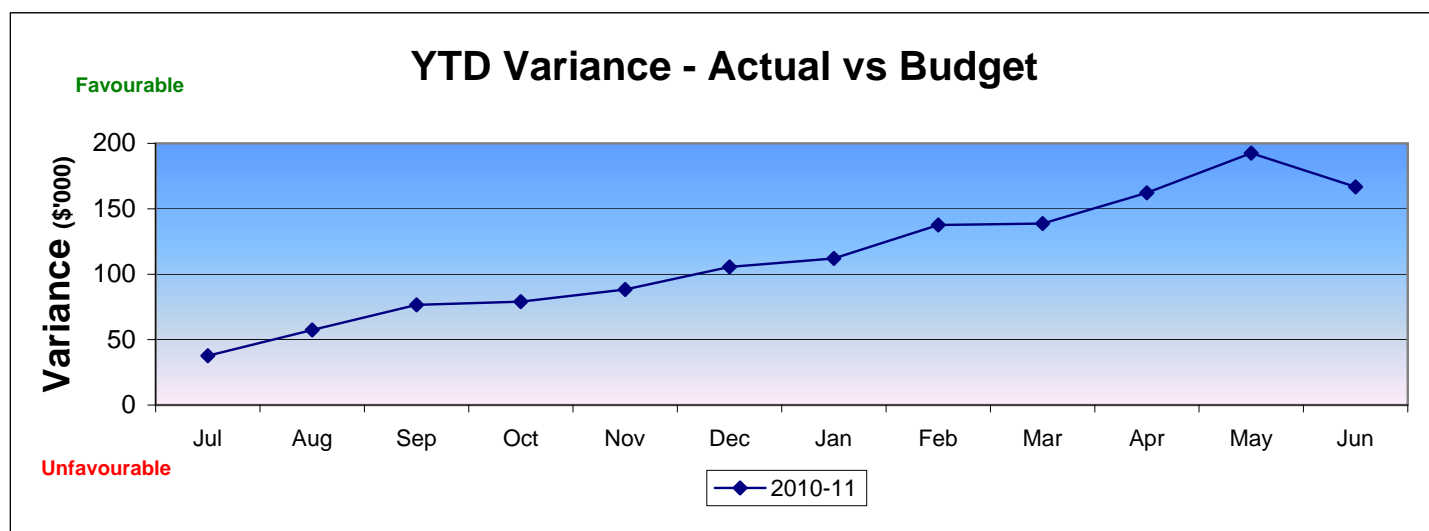
##### Roads - \$2.258M favourable

Approximately \$1M of this variance has been identified as 8 carry-over projects due to delays and associated works. The remainder of the variance is a result of completing project scope within budget and presenting savings back to organisation.

**Divisional Operating Statement  
for the Twelve Months Ended 30 June 2011**

	Year To Date Surplus / (Loss)			Full Year Surplus / (Loss)		
	YTD	YTD	YTD	Full Year	Full Year	Variance
	Actual	Budget	Variance	Budget	Forecast	
	(\$ '000)	(\$ '000)	(\$ '000)	(\$ '000)	(\$ '000)	(\$ '000)
<b>CORPORATE SERVICES (CS)</b>						
Gen Mgr - Corporate Services	(404)	(414)	11	(414)	(414)	0
Information Systems	(6,845)	(6,398)	(446)	(6,398)	(6,559)	(161)
Community & Councillor Support	(3,090)	(3,039)	(51)	(3,039)	(2,988)	51
Finance & Investments	82,024	80,758	1,267	80,758	80,036	(722)
People & Organisational Development	(2,267)	(1,783)	(484)	(1,783)	(1,868)	(86)
Governance & Engagement	(7,365)	(6,705)	(660)	(6,705)	(7,063)	(358)
<b>Total CS</b>	<b>62,053</b>	<b>62,418</b>	<b>(364)</b>	<b>62,418</b>	<b>61,142</b>	<b>(1,275)</b>
<b>CHIEF EXECUTIVE OFFICER (CEO)</b>						
Office of the Chief Executive Officer	(611)	(662)	51	(662)	(530)	132
Internal Audit	(158)	(273)	115	(273)	(200)	73
<b>Total CEO</b>	<b>(768)</b>	<b>(935)</b>	<b>167</b>	<b>(935)</b>	<b>(731)</b>	<b>205</b>
<b>CULTURAL &amp; COMMUNITY DEVELOPMENT (CCD)</b>						
Gen Mgr - Cultural & Comm Development	(431)	(426)	(5)	(426)	(426)	0
Culture & Leisure	(6,902)	(6,192)	(710)	(6,192)	(6,512)	(320)
Family, Youth & Children	(4,762)	(4,964)	202	(4,964)	(5,028)	(64)
Community Development	(2,036)	(2,171)	135	(2,171)	(2,003)	168
Diversity & Ageing	(2,573)	(2,517)	(56)	(2,517)	(2,573)	(56)
<b>Total CCD</b>	<b>(16,704)</b>	<b>(16,270)</b>	<b>(434)</b>	<b>(16,270)</b>	<b>(16,542)</b>	<b>(273)</b>
<b>ENVIRONMENT &amp; PLANNING (EP)</b>						
Gen Mgr - Environment & Planning	(591)	(575)	(16)	(575)	(565)	10
City Development	(107)	(577)	471	(577)	(375)	203
City Strategy	(3,183)	(3,520)	337	(3,520)	(3,258)	262
Compliance & Parking	14,351	14,012	339	14,012	14,157	145
Sustainability	(1,216)	(1,449)	234	(1,449)	(1,405)	44
<b>Total EP</b>	<b>9,255</b>	<b>7,891</b>	<b>1,364</b>	<b>7,891</b>	<b>8,555</b>	<b>664</b>
<b>CITY &amp; INFRASTRUCTURE SERVICES (CIS)</b>						
Gen Mgr - City & Infrast Services	(394)	(432)	38	(432)	(402)	30
Engineering Services	(3,304)	(3,680)	376	(3,680)	(3,591)	89
Infrastructure Services	(21,601)	(20,866)	(735)	(20,866)	(20,781)	85
Parks & Open Space Services	(7,110)	(7,313)	202	(7,313)	(7,423)	(110)
Property Services	1,607	1,870	(264)	1,870	1,617	(254)
<b>Total CIS</b>	<b>(30,803)</b>	<b>(30,420)</b>	<b>(383)</b>	<b>(30,420)</b>	<b>(30,580)</b>	<b>(160)</b>
<b>Grand Total</b>	<b>23,033</b>	<b>22,671</b>	<b>362</b>	<b>22,667</b>	<b>21,828</b>	<b>(839)</b>

## Chief Executive Officer



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Twelve Months Ended 30 June 2011

#### Operating Surplus/(Loss)

	YTD Actuals	YTD Budget	Variance	Full Year Budget	Full Year Forecast
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Jun</b>	(768)	(935)	167	(935)	(731)

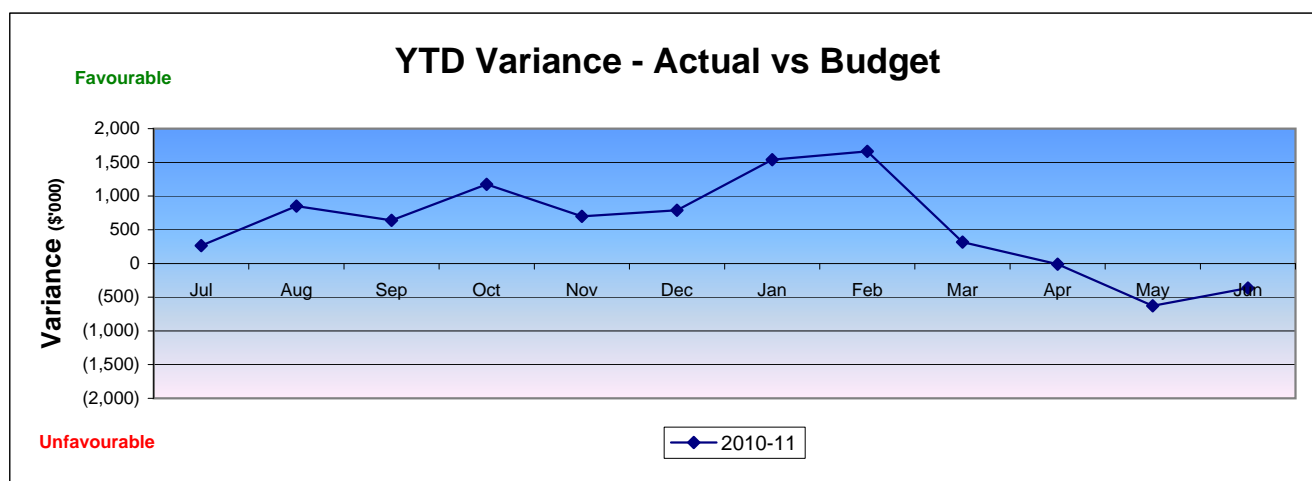
Favourable
Neutral
(Unfavourable)

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) (\$'000)	Explanation of Variance	Management action to address variance
Professional Services	167	Relates to delays in the appointment of the internal auditor and the subsequent rolling out of the internal audit program / engagement of consultants/auditors.	

167

## Corporate Services



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Twelve Months Ended 30 June 2011

#### Operating Surplus/(Loss)

	YTD Actuals	YTD Budget	Variance	Full Year Budget	Full Year Forecast
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Jun</b>	62,054	62,418	(364)	62,418	61,142

Favourable

Neutral

(Unfavourable)

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) (\$'000)	Explanation of Variance	Management action to address variance
Interest Income	1,710	Full year interest revenue of \$2.710 million exceeded the original budget of \$1.0 million by \$1.710 million. This variance which is attributable to delays in expending Council's capital works program as well as a firmer interest rate environment has been flagged during the year with increases of \$1.3 million to the current forecast of \$2.3 million.	
Contract Income	1,418	Contract income of \$1.418M represents the unbudgeted share of the Streetshead Joint Venture contract income. The 2011/2012 Budget has incorporated the projected results of the Joint Venture for the first time.	
Insurance	(356)	This unfavourable variance results from a payment against a public liability claim in relation to a workplace accident that occurred in 2007.	Council is attempting to recoup the costs of this claim through legal action. This may not be settled until next financial year. Consideration be given to a forecast budget change.

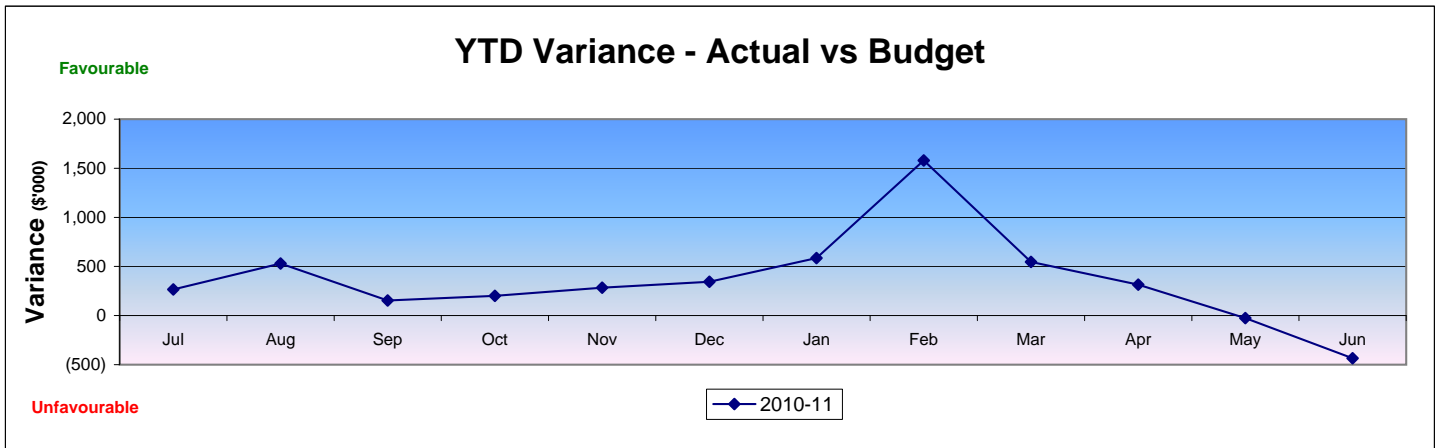
## Corporate Services

Wages And Salaries	(3,924)	Wages and salaries of \$7.271 million exceeded the original budget of \$3.347 million by \$3.924 million. This variation is mainly due to the impact of the superannuation shortfall of \$2.04 million which was \$1.74 million more than the amount budgeted and is reflected in the forecast. This overrun has been partly offset by favourable adjustments totalling \$284K on Council's employee entitlement provisions for annual and long service leave. An offsetting transfer of \$1.74 million has been made from Council's discretionary reserves to fund the superannuation shortfall and the reserves will be replenished over the next six years in line with a Council decision to settle this liability in full. The incorporation of the Streetsahead Joint Venture into the accounts has also given rise to an unbudgeted salary expense of \$2.637 million which represents Council's share of the salaries paid by Streetsahead.
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**(1,152)**

## Cultural & Community Development



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Twelve Months Ended 30 June 2011

#### Operating Surplus/(Loss)

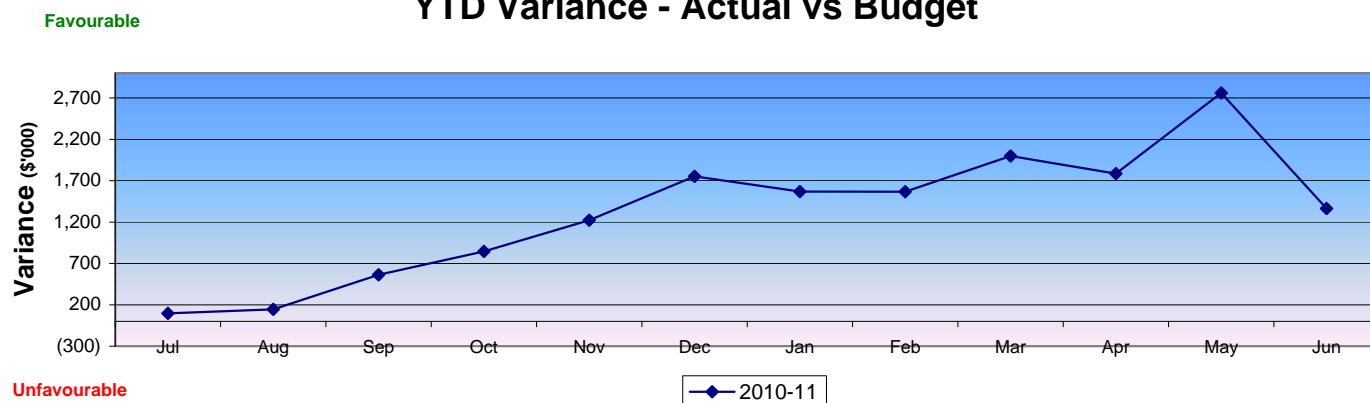
	YTD Actuals	YTD Budget	Variance	Full Year Budget	Full Year Forecast
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Jun</b>	(16,704)	(16,270)	(434)	(16,270)	(16,542)



### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) (\$'000)	Explanation of Variance	Management action to address variance
Other Income	(342)	Mainly due to St Kilda Festival drop in major sponsorship income (\$285K ) and reduced income from Film Festival (\$25K) and filming fees (\$20K), partially offset by \$100K permanent favourable variance to Government Grants.	
Fees & Charges	(271)	Food services \$142K unfavourable as a result of lower than expected demand for delivered meals. This trend is a result of much greater choice of low cost meals through local pubs, clubs and increased variety of precooked and chilled or frozen supermarket meals. Home Care is \$113K unfavourable largely as a result of not achieving targets for service delivery. A significant impact on failure to achieve targets has been the number of cancellations from clients. This alone accounted for around \$45K of lost fees. Clients tend to be reluctant to accept alternative staff when their main carer is away. They are also often reluctant to rebook a cancelled visit.	Given that it is the monitoring of the individual recipient which is a major benefit of delivered meals the price of meals for those on packaged care has been significantly reduced to make us more competitive and attract greater demand from this client group. A client education process has commenced to explain the varied reasons that cancellations are not acceptable just because their main carer is away. Training is also underway with rostering staff about how to deal with clients who ring to cancel appointments.
Government Grants	151	Community Facilities favourable \$31K due to higher than expected grant received. Site Unseen \$27K favourable due to timing of grant received. Isepic \$56K favourable due to higher than expected grants received. Drug Strategy \$34K favourable due to timing of grant received.	Activities to continue into 11/12 financial year.
<b>(461)</b>			

### YTD Variance - Actual vs Budget



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Twelve Months Ended 30 June 2011

#### Operating Surplus/(Loss)

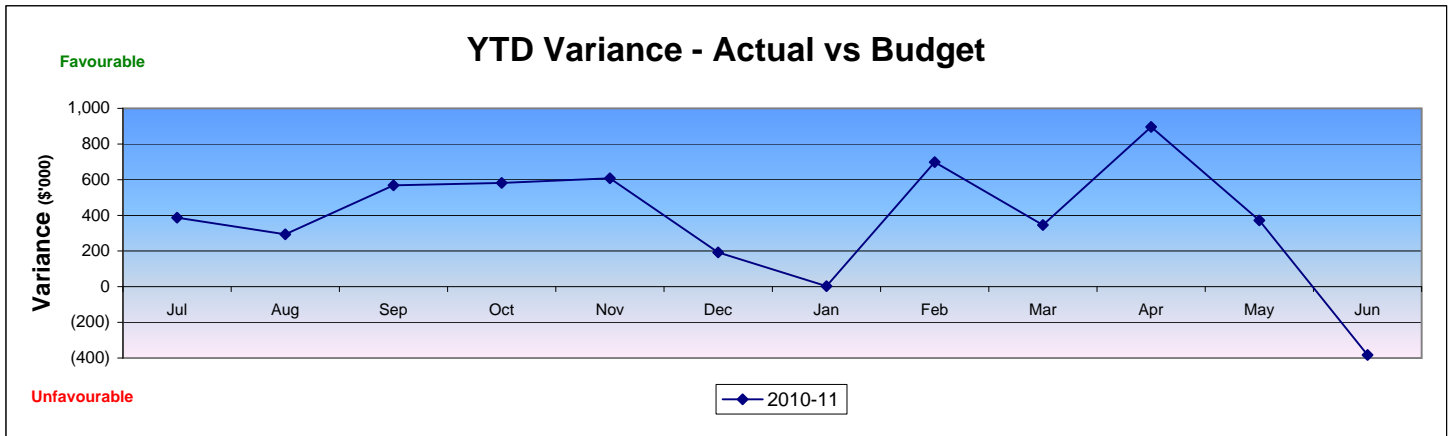
	YTD Actuals (\$'000)	YTD Budget (\$'000)	Variance (\$'000)	Full Year Budget (\$'000)	Full Year Forecast (\$'000)
Jun	9,255	7,891	1,364	7,891	8,555

Favourable
Neutral
(Unfavourable)

### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) (\$'000)	Explanation of Variance	Management action to address variance
Fees & Charges	757	Due to higher than anticipated receipt of Development Permit Fees \$615K and Statutory Planning fees \$98K.	
Parking Revenue	438	Ticket Machine income ended favourably \$268K higher than budget expectations as a result of the introduction of the new parking machines across the city and the improved service provided by our contractors improving the up-time of our machines. Pins income also ended favourably \$170K above budget, with higher number of pin cancellations (\$448K) and savings within the Perin Doubtful debt provisions of \$281K.	
Parking Revenue	128	Revenue overall from parking permit to the end of June is up \$120K on what was forecast for all permit types.	
<b>1,324</b>			

## City & Infrastructure Services



### Financial Performance - Twelve Months Ended 30 June 2011

#### Operating Surplus/(Loss)

	YTD Actuals	YTD Forecast	Variance	Full Year Budget	Full Year Forecast
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Jun</b>	(30,803)	(30,420)	(383)	(30,420)	(30,580)

Favourable
Neutral
(Unfavourable)

#### Summary of Key Variances

Account Structure	Variance Fav/(Unfav) (\$'000)	Explanation of Variance	Management action to address variance
Utilities	365	At year end it was anticipated that a favourable variance will exist within Public Lighting expenditure. A forecast of \$160K within this operating area has been allocated to Capital Works retro-fit projects to permanently reduce energy consumption from council buildings. As per Council Resolution 13th September 2011.	This has been addressed with a Forecast change to reflect favourable permanent variance.
Contract Payments	(730)	<p>Current variance is due to the following. (i) Building Maintenance unfavourable (\$324K); partly due to electronic security upgrade variance of (\$40K), additional essential safety measure electrical compliance works and February flood maintenance works not covered by insurance income (\$209K); urgent asbestos and structural maintenance works undertaken in various buildings including North Port Oval. In addition (\$75K) expenditure for St Kilda Town Hall internal curtain installation (unbudgeted).</p> <p>(ii) Street &amp; Beach Cleaning Services unfavourable (\$308K) due to urgent additional service response for pit and drain cleaning as a result of the February floods (\$75K). Additional summer campaign cleaning of Fitzroy Street from Nov-Apr (\$95K) unbudgeted. Street &amp; Beach Cleaning review consultancy expenditure (\$50K) unbudgeted. In addition, May and June variance of (\$131K) for additional autumn leaf litter services and associated tipping costs in response to increased seasonal work loads.</p> <p>(iii) Infrastructure Maintenance unfavourable (\$29K), is due to additional FTE unbudgeted secondment in the Department since September 2010.</p> <p>(iv) Waste Management Operations (\$92K) unfavourable due to increased uptake of the hard waste and illegal dumped rubbish kerbside service and Detox your home Resource Recovery Centre drop off service.</p>	(ii) Street & Beach Cleaning Review will seek to address the existing 'cost plus' service model, with proposed specification and budgetary changes to the service from 2012/13. (iii) Additional budget in 2011/12 has been approved for FTE. (iv) Additional budget has been approved for the Detox program in 2011/12.
<b>(365)</b>			