



# **Quarterly Financial Report**

## **December 2010**

# Table of Contents

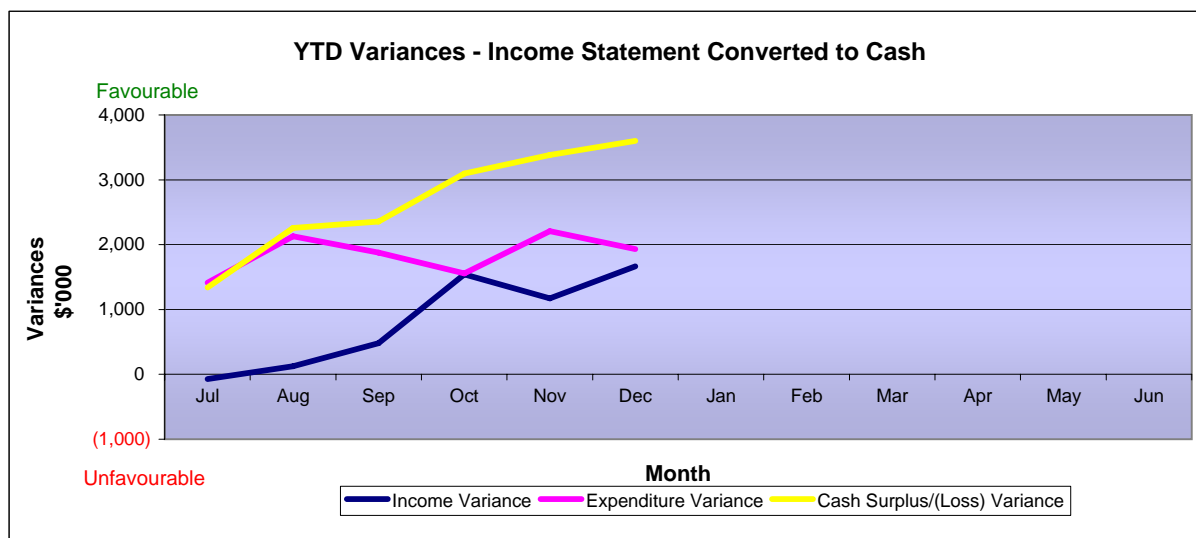
| <b>FINANCIAL OVERVIEW</b>                              | <b>Page</b> |
|--|-------------|
| Income Statement converted to Cash                     | 3           |
| Income Statement converted to Cash - Variance Analysis | 4           |
| Income Statement                                       | 5           |
| Balance Sheet  | 6           |
| Cash, Investments & Borrowings                         | 7           |
| Capital Works  | 9           |

| <b>DIVISIONAL RESULTS</b>          | <b>Page</b> |
|------------------------------------|-------------|
| Divisional Operating Statement     | 10          |
| Chief Executive Officer            | 11          |
| Corporate Services                 | 12          |
| Cultural and Community Development | 13          |
| Environment & Planning             | 14          |
| City and Infrastructure Services   | 15          |

**Income Statement Converted to Cash  
for the Six Months Ended 31 December 2010**

|  | YTD<br>Actual<br>(\$'000) | YTD<br>Budget<br>(\$'000) | YTD<br>Variance<br>(\$'000) | Annual<br>Budget<br>(\$'000) | Annual<br>Forecast<br>(\$'000) |
|--|---------------------------|---------------------------|-----------------------------|------------------------------|--------------------------------|
| <b>REVENUE</b>   |                           |                           |                             |                              |                                |
| Rates  | 41,257                    | 41,201                    | 56                          | 82,401                       | 82,401                         |
| Government Grants  | 4,837                     | 4,803                     | 33                          | 9,128                        | 8,934                          |
| Contributions  | 929                       | 600                       | 329                         | 1,200                        | 1,200                          |
| Parking Revenue  | 12,125                    | 11,727                    | 398                         | 23,900                       | 24,145                         |
| Capital Grants   | 80                        | 0                         | 80                          | 3,430                        | 3,430                          |
| Fees & Charges   | 8,015                     | 7,858                     | 156                         | 14,429                       | 14,351                         |
| Interest Received  | 1,185                     | 500                       | 685                         | 1,000                        | 2,000                          |
| Other Income   | 4,344                     | 4,414                     | (70)                        | 8,988                        | 8,782                          |
| Proceeds on sale of Assets                                       | 0                         | 0                         | 0                           | 0                            | 0                              |
| <b>TOTAL REVENUE</b>   | <b>72,770</b>             | <b>71,104</b>             | <b>1,666</b>                | <b>144,475</b>               | <b>145,243</b>                 |
| <b>EXPENDITURE</b>   |                           |                           |                             |                              |                                |
| Employee Costs   | 26,426                    | 26,616                    | 190                         | 52,985                       | 53,079                         |
| Contract Services  | 17,172                    | 18,281                    | 1,109                       | 37,452                       | 37,601                         |
| Materials & Other Costs  | 11,791                    | 12,431                    | 640                         | 26,612                       | 26,722                         |
| Depreciation   | 8,502                     | 8,326                     | (176)                       | 16,652                       | 16,652                         |
| Interest Paid  | 71                        | 65                        | (6)                         | 130                          | 130                            |
| <b>TOTAL EXPENDITURE</b>   | <b>63,962</b>             | <b>65,719</b>             | <b>1,757</b>                | <b>133,831</b>               | <b>134,184</b>                 |
| <b>OPERATING SURPLUS / (DEFICIT)</b>                             | <b>8,808</b>              | <b>5,386</b>              | <b>3,423</b>                | <b>10,645</b>                | <b>11,059</b>                  |
| <i>Less Depreciation</i>   | 8,502                     | 8,326                     | (176)                       | 16,652                       | 16,652                         |
| <i>Plus (Profit) / Loss on sale of Assets</i>                    | 0                         | 0                         | 0                           | 0                            | 0                              |
| <b>NET OPERATING SURPLUS / (DEFICIT)</b>                         | <b>17,311</b>             | <b>13,712</b>             | <b>3,599</b>                | <b>27,297</b>                | <b>27,117</b>                  |
| St Kilda triangle settlement (cash costs)                        | 2,000                     | 2,000                     | 0                           | 2,000                        | 2,000                          |
| Capital Works Expenditure  | 4,099                     | 6,720                     | 2,622                       | 26,448                       | 26,608                         |
| Remediation Expenditure  | 0                         | 0                         | 0                           | 0                            | 0                              |
| Capital Carry Over 2010/2011                                     | 2,382                     | 3,843                     | 1,461                       | 12,097                       | 12,097                         |
| Capital Expenditure  | 1,771                     | 770                       | (1,001)                     | 1,884                        | 1,884                          |
| Capital Proceeds   | 0                         | 0                         | 0                           | 0                            | 0                              |
| Transfers (to) Statutory Reserves                                | 929                       | 600                       | (329)                       | 1,200                        | 1,200                          |
| <b>TOTAL CAPITAL</b>   | <b>11,180</b>             | <b>13,933</b>             | <b>2,753</b>                | <b>43,629</b>                | <b>43,789</b>                  |
| <b>NET OPERATING SURPLUS / (DEFICIT)<br/>AFTER CAPITAL WORKS</b> | <b>6,131</b>              | <b>(221)</b>              | <b>6,352</b>                | <b>(16,332)</b>              | <b>(16,078)</b>                |
| Loan Repayments  | (259)                     | 0                         | (259)                       | (526)                        | (526)                          |
| Transfers from Statutory Reserves                                | 0                         | 1,700                     | (1,700)                     | 1,700                        | 1,700                          |
| Net Transfers (To) / From General Reserves                       | 1,897                     | 610                       | 1,287                       | 1,060                        | 1,060                          |
| <b>SURPLUS / (DEFICIT)</b>                                       | <b>7,769</b>              | <b>2,089</b>              | <b>5,680</b>                | <b>(14,098)</b>              | <b>(14,144)</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                         |
| <b>NET SURPLUS / (DEFICIT)</b>                                   | <b>23,198</b>             | <b>17,518</b>             | <b>5,680</b>                | <b>1,331</b>                 | <b>1,285</b>                   |

## Income Statement Converted to Cash for the Six Months Ended 31 December 2010



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

### Key Income Variances

Income (excluding proceeds on sale of assets) has a **favourable variance of \$1.666M** and is due to the following offsetting factors:

**Parking Revenue is favourable by \$397K** primarily due to Ticket Machine income is tracking higher than budget expectations.

**Interest Income is favourable by \$685K** due to a combination of higher than projected interest rates and significantly greater funds available for investment.

**Contributions are favourable by \$329K** due to greater than anticipated City Development Open Space development contributions. This income has been transferred to a statutory reserve.

### Key Expenditure Variances

Expenditure (excluding depreciation) is **favourable by \$1.933M** due to the following factors:

#### **Contract Payments are favourable by \$1.109M due to:**

- Contract Management Tree Maintenance favourable \$237K due to work been completed, however invoices have been processed in January.
- Parking and Compliance favourable variance of \$322K due to the late submission and processing of invoices from our contractors following the Christmas break.
- Information Services \$166K favourable due to timing of invoice and payments. This is expected to be paid in the coming months.
- Diversity and Ageing \$119K favourable due to Service Agreements invoices not being paid or received. Food Services favourable as a result of lower than expected demand for delivered meals.
- Various other minor variances throughout the organisation.

#### **Materials and Other Costs are favourable by \$640K due to:**

- Compliance & Parking \$101K favourable due to lower than expected Parking machine maintenance expenditure as a result of the new parking machines being under warranty.
- Various other minor favourable variances throughout the organisation.

## Income Statement for the Six Months Ended 31 December 2010

|                                       | YTD<br>Actual<br>(\$'000) | YTD<br>Budget<br>(\$'000) | YTD<br>Variance<br>(\$'000) | Full Year<br>Budget<br>(\$'000) | Full Year<br>Forecast<br>(\$'000) |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|---------------------------------|-----------------------------------|
| <b>Revenue</b>                        |                           |                           |                             |                                 |                                   |
| Rates                                 | 41,257                    | 41,201                    | 56                          | 82,401                          | 82,401                            |
| Parking fees & fines                  | 12,125                    | 11,727                    | 397                         | 23,900                          | 24,145                            |
| User charges, fees & fines            | 8,015                     | 7,858                     | 156                         | 14,429                          | 14,351                            |
| Grants                                | 4,916                     | 4,796                     | 120                         | 12,545                          | 12,351                            |
| Contributions                         | 928                       | 600                       | 328                         | 1,200                           | 1,200                             |
| Other revenue                         | 4,344                     | 4,422                     | (77)                        | 9,000                           | 8,795                             |
| Interest                              | 1,185                     | 500                       | 685                         | 1,000                           | 2,000                             |
| <b>Total revenue</b>                  | <b>72,770</b>             | <b>71,104</b>             | <b>1,666</b>                | <b>144,475</b>                  | <b>145,243</b>                    |
| <b>Expenditure</b>                    |                           |                           |                             |                                 |                                   |
| Employee benefits                     | 26,426                    | 26,616                    | 190                         | 52,985                          | 53,079                            |
| Contracts payment                     | 17,172                    | 18,281                    | 1,109                       | 37,452                          | 37,601                            |
| Materials                             | 523                       | 610                       | 87                          | 1,333                           | 1,606                             |
| Utility payments                      | 907                       | 1,173                     | 266                         | 2,685                           | 2,525                             |
| Professional services                 | 1,208                     | 1,545                     | 337                         | 3,572                           | 3,767                             |
| Borrowing costs                       | 71                        | 65                        | (6)                         | 130                             | 130                               |
| Depreciation                          | 8,502                     | 8,326                     | (176)                       | 16,652                          | 16,652                            |
| Other expenses                        | 9,154                     | 9,104                     | (50)                        | 19,022                          | 19,125                            |
| (Profit) / loss on disposal of assets | 0                         | 0                         | 0                           | 0                               | 0                                 |
| <b>Total expenditure</b>              | <b>63,962</b>             | <b>65,718</b>             | <b>1,756</b>                | <b>133,830</b>                  | <b>134,484</b>                    |
| <b>Surplus / (deficit)</b>            | <b>8,808</b>              | <b>5,386</b>              | <b>3,423</b>                | <b>10,645</b>                   | <b>10,759</b>                     |

### Major Full year forecast changes for the Year Ending 30 June 2011

| Item                              | Forecast<br>Change<br>Fav/(Unfav)<br>(\$'000) | Reason  |
|-----------------------------------|---|---|
| <b>Parking fees</b>               | 225   | Increased parking machine uptime  |
| <b>Street Occupation Fees</b>     | 100   | Increased demand for street permits.  |
| <b>Grants</b>                     | (435)   | Decrease to grant income forecast due to the early receipt of VGC grant.  |
| <b>Interest</b>                   | 1,000   | Excess cash available for investment and firmer interest rates  |
| <b>Utilities</b>                  | 160   | Councils decision to reduce Green Power purchase from 50% to 25% and reallocate the savings to the building retrofits program |
| <b>St Kilda Festival</b>          | (280)   | Loss of major sponsorship and increased security costs  |
| <b>Internal Audit</b>             | 80  | Saving arising from a delay in the appointment of a new internal auditor at a reduced salary.                                 |
| <b>Insurance</b>                  | (300)   | Increase due to a Public Liability claim and associated legal costs   |
| <b>AFL Grand Final Live Sites</b> | (92)  | Unbudgeted AFL grand final live site, which was also hosted for the replay.   |

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

## Balance Sheet as at 31 December 2010

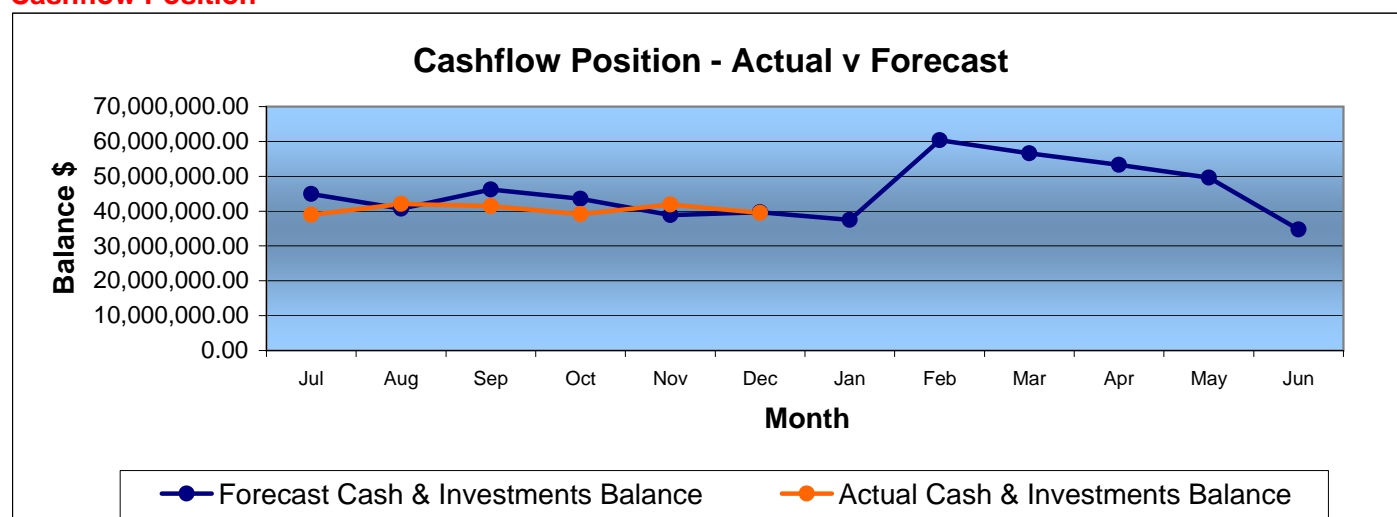
|   | 31 December 2010<br>(\$'000) | 31 December 2009<br>(\$'000) |
|---|------------------------------|------------------------------|
| <b>Current assets</b>                         |                              |                              |
| Cash  | 4,086                        | 4,304                        |
| Receivables                                   | 19,758                       | 17,899                       |
| Financial assets                              | 35,019                       | 29,099                       |
| Other assets                                  | 1,801                        | 1,496                        |
| <b>Total current assets</b>                   | <b>60,665</b>                | <b>52,798</b>                |
| <b>Non current assets</b>                     |                              |                              |
| Financial assets                              | 205                          | 5                            |
| Property, infrastructure, plant and equipment | 1,833,930                    | 1,819,960                    |
| <b>Total non current assets</b>               | <b>1,834,135</b>             | <b>1,819,965</b>             |
| <b>Total assets</b>                           | <b>1,894,800</b>             | <b>1,872,763</b>             |
| <b>Current liabilities</b>                    |                              |                              |
| Payables                                      | 5,671                        | 4,299                        |
| Provisions                                    | 9,188                        | 9,114                        |
| Interest-bearing loans and Borrowings         | 579                          | 536                          |
| Trust funds and deposits                      | 2,691                        | 1,855                        |
| <b>Total current liabilities</b>              | <b>18,128</b>                | <b>15,804</b>                |
| <b>Non-current liabilities</b>                |                              |                              |
| Borrowings                                    | 2,534                        | 3,029                        |
| <b>Total non-current liabilities</b>          | <b>2,534</b>                 | <b>3,029</b>                 |
| <b>Total liabilities</b>                      | <b>20,662</b>                | <b>18,833</b>                |
| <b>Net assets</b>                             | <b>1,874,138</b>             | <b>1,853,930</b>             |
| <b>Equity</b>                                 |                              |                              |
| Accumulated surplus                           | 564,085                      | 569,417                      |
| Reserve                                       | 1,310,053                    | 1,284,514                    |
| <b>Total equity</b>                           | <b>1,874,138</b>             | <b>1,853,930</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 \$39.5 million is tracking to budget as at 31/12/10.

### Investments as at 31 December 2010

| 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       | 1,000                         | -                  | -               | At Call                 |
| CBA                       | AA-          | A1+        | Floating rate note | 3,000                         | 21-Jan-08          | 5.22            | 21                      |
| Deutsche                  | AA-          | A1+        | Floating rate note | 3,000                         | 28-Feb-08          | 6.06            | 693                     |
| Westpac***                | AA-          | A1+        | Term Deposit       | 1,000                         | 04-Dec-10          | 5.37            | 4                       |
| Investec Bank***          | BBB          | A2         | Term Deposit       | 1,000                         | 01-Oct-10          | 5.78            | 5                       |
| Westpac                   | AA-          | A1+        | Term Deposit       | 1,000                         | 01-Oct-10          | 5.73            | 5                       |
| NAB (LSL)                 | AA-          | A1+        | Term Deposit       | 5,700                         | 28-Jun-10          | 6.00            | 10                      |
| Bank of Cyprus***         | A            | A-1        | Term Deposit       | 1,000                         | 08-Nov-10          | 6.05            | 38                      |
| BankWest                  | AA-          | A1+        | Term Deposit       | 1,000                         | 08-Nov-10          | 5.85            | 38                      |
| Westpac                   | AA-          | A1+        | Term Deposit       | 3,000                         | 18-Aug-10          | 6.00            | 77                      |
| IMB***                    | BBB          | A2         | Term Deposit       | 1,000                         | 30-Nov-10          | 6.10            | 89                      |
| Credit Union Australia*** | BBB+         | A2         | Term Deposit       | 1,000                         | 30-Nov-10          | 6.19            | 89                      |
| BankWest***               | AA-          | A1+        | Term Deposit       | 1,000                         | 20-Dec-10          | 6.00            | 109                     |
| Members Equity***         | BBB          | A2         | Term Deposit       | 1,000                         | 20-Dec-10          | 6.20            | 109                     |
| BankWest                  | AA-          | A1+        | Term Deposit       | 1,750                         | 04-May-10          | 6.30            | 124                     |
| NAB                       | AA-          | A1+        | Term Deposit       | 3,000                         | 15-Nov-10          | 6.22            | 136                     |
| Suncorp***                | A            | A1         | Term Deposit       | 1,000                         | 30-Nov-10          | 6.30            | 150                     |
| NAB***                    | AA-          | A1+        | Term Deposit       | 2,000                         | 30-Dec-10          | 6.33            | 154                     |
| Westpac                   | AA-          | A1+        | Term Deposit       | 2,000                         | 04-Feb-09          | 5.00            | 400                     |
| `                         | AA-          | A1+        | Term Deposit       | 1,000                         | 31-Jul-09          | 5.75            | 577                     |
| <b>Total</b>              |              |            |                    | <b>35,450</b>                 |                    | <b>5.88</b>     | <b>165**</b>            |

\* Weighted Average Interest Rate to Maturity

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

\*\*\*Principal Government Guaranteed

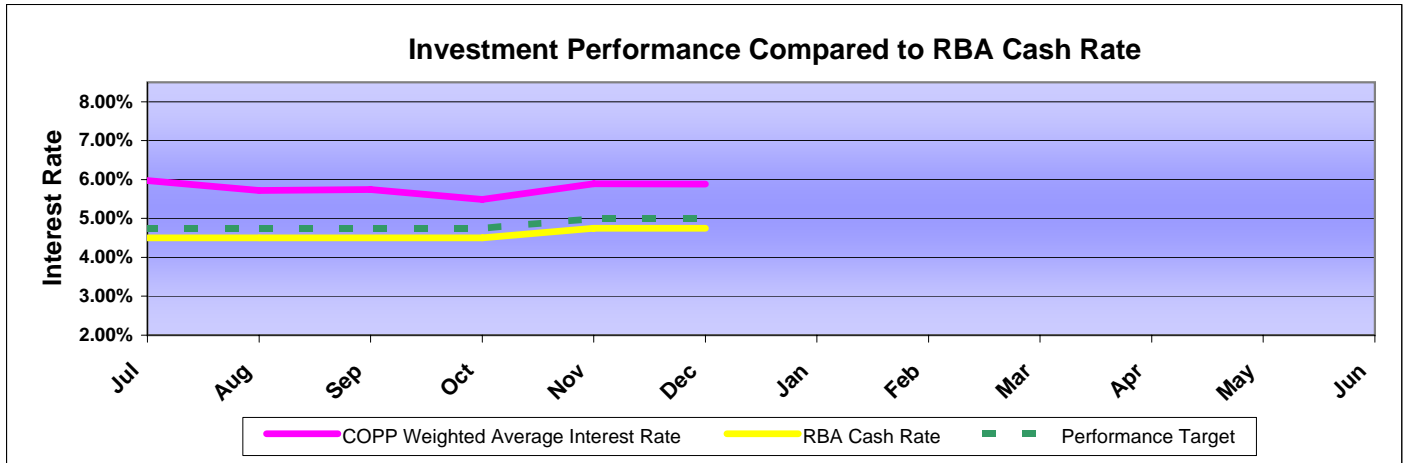
Please note there is a \$1M Government guarantee per institution. As at 31 December 2010, \$10M of the investment portfolio is Government guaranteed. The investment with Deutsche Bank (non ADI) and deposits in excess of \$1M do not qualify for the Government guarantee. Neither do the deposits in excess of \$1M with individual institutions.

### Reconciliation of Total Investments to Balance Sheet

|   |               |
|---|---------------|
|   | \$'000        |
| <b>Financial assets - current (per Balance Sheet)</b> | <b>35,019</b> |
| <u>Add:</u>   |               |
| Impairment of Deutsche Bank FRN \$3.0 million         | 431           |
| <b>Net Investments as at 31 December 2010</b>         | <b>35,450</b> |

## Cashflow, Investments & Borrowings

### Investment Performance



Council's weighted average interest rate on investments at 31 December 2010 of 5.88% is 1.13% greater than the Reserve Bank of Australia cash rate of 4.75%.

### Borrowings Status

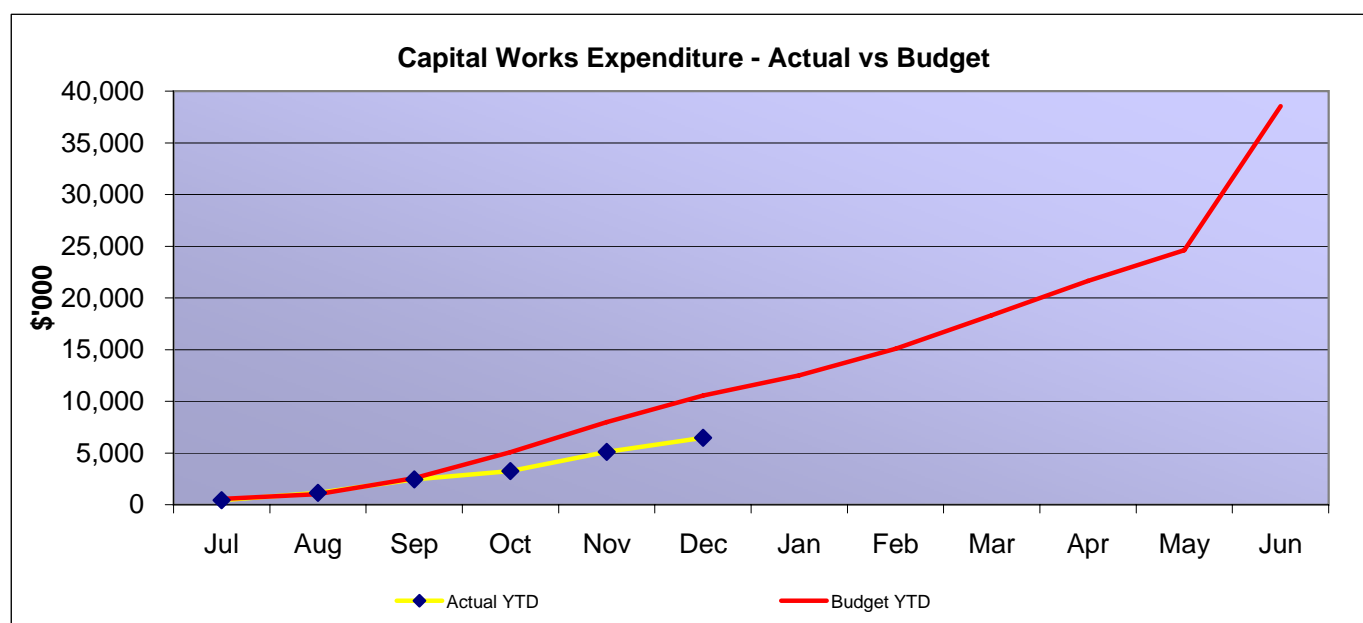
| Financial Institution      | Interest Rate<br>% | Debt Principal<br>As At<br>30/09/2010<br>(\$'000) | Principal<br>Repaid<br>Sep - Dec<br>(\$'000) | Debt<br>Principal<br>As At<br>31/12/2010<br>(\$'000) |
|----------------------------|--------------------|---|--|--|
| CBA Semi Government Loan 2 | 6.15               | 2,310   | 130  | 2,180  |
| <b>Total</b>               |                    | <b>2,310</b>                                      | <b>130</b>                                   | <b>2,180</b>   |

**NOTES:**

- Loan repayments are made quarterly on both principal and interest components.
- For the period September 2010 to December 2010, \$130K was repaid from the principal and \$33K 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 Six Months Ended 31 December 2010

| 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                                | 1,078        | 11%         | 2,820         | 28%         | 1,742               | 17%         | 9,915            | 98%         | 10,075             |
| Roads                                    | 669          | 9%          | 1,559         | 20%         | 890                 | 11%         | 7,845            | 100%        | 7,845              |
| Drainage                                 | 176          | 28%         | 40            | 6%          | (136)               | -22%        | 620              | 100%        | 620                |
| Kerb and channel                         | 553          | 69%         | 420           | 53%         | (133)               | -17%        | 800              | 100%        | 800                |
| Streetscapes & open spaces               | 658          | 13%         | 489           | 10%         | (169)               | -3%         | 4,976            | 100%        | 4,976              |
| Footpaths                                | 654          | 48%         | 928           | 68%         | 274                 | 20%         | 1,365            | 100%        | 1,365              |
| Signage & street works                   | 290          | 37%         | 464           | 59%         | 174                 | 22%         | 790              | 100%        | 790                |
| Planning and implementation              | 19           | 11%         | 0             | 0%          | (19)                | -11%        | 137              | 77%         | 179                |
| <b>Total 2010/11</b>                     | <b>4,099</b> | <b>15%</b>  | <b>6,720</b>  | <b>25%</b>  | <b>2,622</b>        | <b>10%</b>  | <b>26,448</b>    | <b>99%</b>  | <b>26,650</b>      |
| Capital works carried forward from 09/10 | 2,382        | 20%         | 3,843         | 32%         | 1,461               | 12%         | 12,097           | 100%        | 12,055             |
| <b>Total capital works</b>               | <b>6,480</b> | <b>17%</b>  | <b>10,563</b> | <b>27%</b>  | <b>4,082</b>        | <b>11%</b>  | <b>38,545</b>    | <b>100%</b> | <b>38,705</b>      |

Full year forecast capital works expenditure is \$202K more than the original budget mainly due to the reallocation of expenditure on the purchase of Green Power to the building retrofit program.

#### Reasons for significant variances against YTD Budget

##### Buildings - \$1.742M favourable

The main factor behind this variance are delays in expending the budgets on the St Kilda Family Children Centre and the Northport Pavillion redevelopment. The tender assessment and negotiations with the preferred tenderer for St Kilda Family & Children's Centre took longer than expected. A construction tender for Northport Pavillion Redevelopment was priced above budget. This project is being re-designed to bring construction costs within budget.

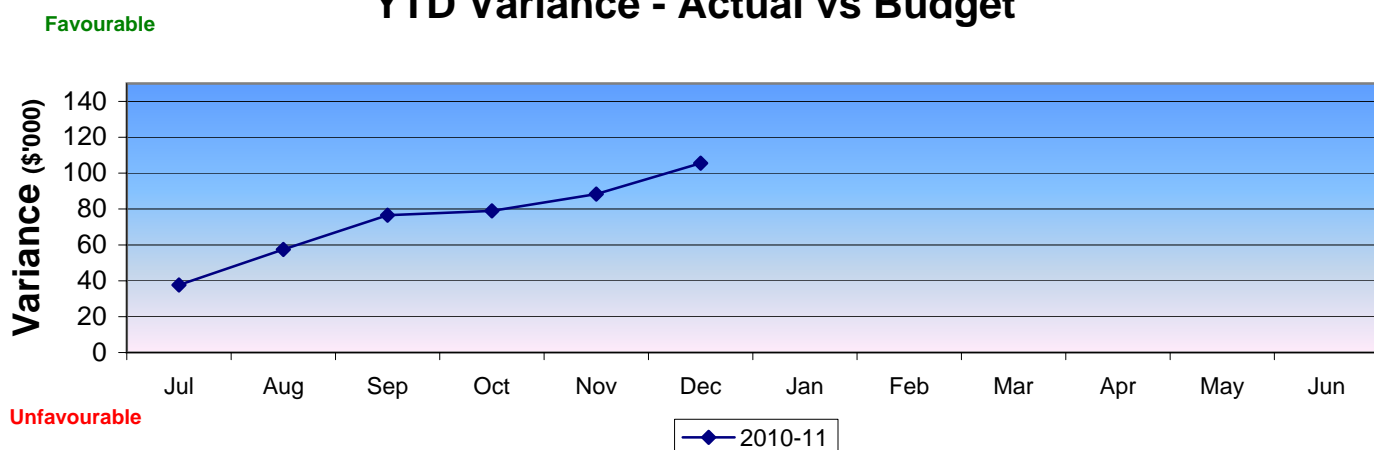
##### Roads - \$890K favourable

Road resurfacing makes up the large majority of this variance (\$675K). Resurfacing works are scheduled for the last half of the financial year and will be fully spent by the end of the financial year.

**Divisional Operating Statement**  
for the Six Months Ended 31 December 2010

|   | Year To Date<br>Surplus / (Loss) |                 |                 | Full Year<br>Surplus / (Loss) |                       |              |
|---|----------------------------------|-----------------|-----------------|-------------------------------|-----------------------|--------------|
|   | YTD<br>Actual                    | YTD<br>Budget   | YTD<br>Variance | Full Year<br>Budget           | Full Year<br>Forecast | Variance     |
|   | (\$'000)                         | (\$'000)        | (\$'000)        | (\$'000)                      | (\$'000)              | (\$'000)     |
| <b>CORPORATE SERVICES (CS)</b>                    |                                  |                 |                 |                               |                       |              |
| Gen Mgr - Corporate Services                      | (191)                            | (207)           | 17              | (414)                         | (414)                 | 0            |
| Information Systems                               | (3,150)                          | (3,205)         | 56              | (6,398)                       | (6,398)               | 0            |
| Community & Councillor Support                    | (1,470)                          | (1,492)         | 21              | (3,062)                       | (3,062)               | 0            |
| Finance & Investments                             | 41,401                           | 40,419          | 982             | 80,758                        | 81,322                | 565          |
| People & Organisational Development               | (946)                            | (920)           | (26)            | (1,783)                       | (1,833)               | (50)         |
| Governance & Engagement                           | (3,624)                          | (3,363)         | (261)           | (6,705)                       | (6,913)               | (208)        |
| <b>Total CS</b>                                   | <b>32,021</b>                    | <b>31,232</b>   | <b>789</b>      | <b>62,395</b>                 | <b>62,702</b>         | <b>307</b>   |
| <b>CHIEF EXECUTIVE OFFICER (CEO)</b>              |                                  |                 |                 |                               |                       |              |
| Office of the Chief Executive Officer             | (284)                            | (331)           | 47              | (662)                         | (662)                 | 0            |
| Internal Audit                                    | (78)                             | (137)           | 58              | (273)                         | (193)                 | 80           |
| <b>Total CEO</b>                                  | <b>(362)</b>                     | <b>(468)</b>    | <b>106</b>      | <b>(935)</b>                  | <b>(855)</b>          | <b>80</b>    |
| <b>CULTURAL &amp; COMMUNITY DEVELOPMENT (CCD)</b> |                                  |                 |                 |                               |                       |              |
| Gen Mgr - Cultural & Comm Development             | (193)                            | (213)           | 20              | (426)                         | (426)                 | 0            |
| Culture & Leisure                                 | (2,706)                          | (2,792)         | 86              | (6,192)                       | (6,531)               | (339)        |
| Family, Youth & Children                          | (2,296)                          | (2,272)         | (25)            | (4,964)                       | (4,964)               | 0            |
| Community Development                             | (959)                            | (1,134)         | 175             | (2,171)                       | (2,115)               | 55           |
| Diversity & Ageing                                | (1,247)                          | (1,335)         | 88              | (2,494)                       | (2,530)               | (36)         |
| <b>Total CCD</b>                                  | <b>(7,401)</b>                   | <b>(7,745)</b>  | <b>344</b>      | <b>(16,247)</b>               | <b>(16,567)</b>       | <b>(320)</b> |
| <b>ENVIRONMENT &amp; PLANNING (EP)</b>            |                                  |                 |                 |                               |                       |              |
| Gen Mgr - Environment & Planning                  | (246)                            | (262)           | 16              | (575)                         | (575)                 | 0            |
| City Development                                  | 642                              | 171             | 471             | (577)                         | (583)                 | (6)          |
| City Strategy                                     | (1,124)                          | (1,413)         | 289             | (3,520)                       | (3,467)               | 53           |
| Compliance & Parking                              | 7,724                            | 6,891           | 834             | 14,012                        | 14,195                | 183          |
| Sustainability                                    | (597)                            | (739)           | 143             | (1,449)                       | (1,494)               | (45)         |
| <b>Total EP</b>                                   | <b>6,399</b>                     | <b>4,647</b>    | <b>1,751</b>    | <b>7,891</b>                  | <b>8,076</b>          | <b>185</b>   |
| <b>CITY &amp; INFRASTRUCTURE SERVICES (CIS)</b>   |                                  |                 |                 |                               |                       |              |
| Gen Mgr - City & Infrast Services                 | (188)                            | (216)           | 28              | (432)                         | (432)                 | 0            |
| Engineering Services                              | (1,335)                          | (1,655)         | 320             | (3,680)                       | (3,722)               | (42)         |
| Infrastructure Services                           | (10,247)                         | (10,122)        | (125)           | (20,866)                      | (20,781)              | 85           |
| Parks & Open Space Services                       | (3,344)                          | (3,547)         | 203             | (7,313)                       | (7,493)               | (180)        |
| Property Services                                 | 760                              | 993             | (233)           | 1,870                         | 1,870                 | 0            |
| <b>Total CIS</b>                                  | <b>(14,353)</b>                  | <b>(14,546)</b> | <b>193</b>      | <b>(30,420)</b>               | <b>(30,557)</b>       | <b>(137)</b> |
| <b>Grand Total</b>                                | <b>16,303</b>                    | <b>13,111</b>   | <b>3,191</b>    | <b>22,667</b>                 | <b>22,781</b>         | <b>114</b>   |

### YTD Variance - Actual vs Budget



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Six Months Ended 31 December 2010

#### Operating Surplus/(Loss)

|     | YTD Actuals<br>(\$'000) | YTD Budget<br>(\$'000) | Variance<br>(\$'000) | Full Year Budget<br>(\$'000) | Full Year Forecast<br>(\$'000) |
|-----|-------------------------|------------------------|----------------------|------------------------------|--------------------------------|
| Dec | (362)                   | (468)                  | 106                  | (935)                        | (855)                          |

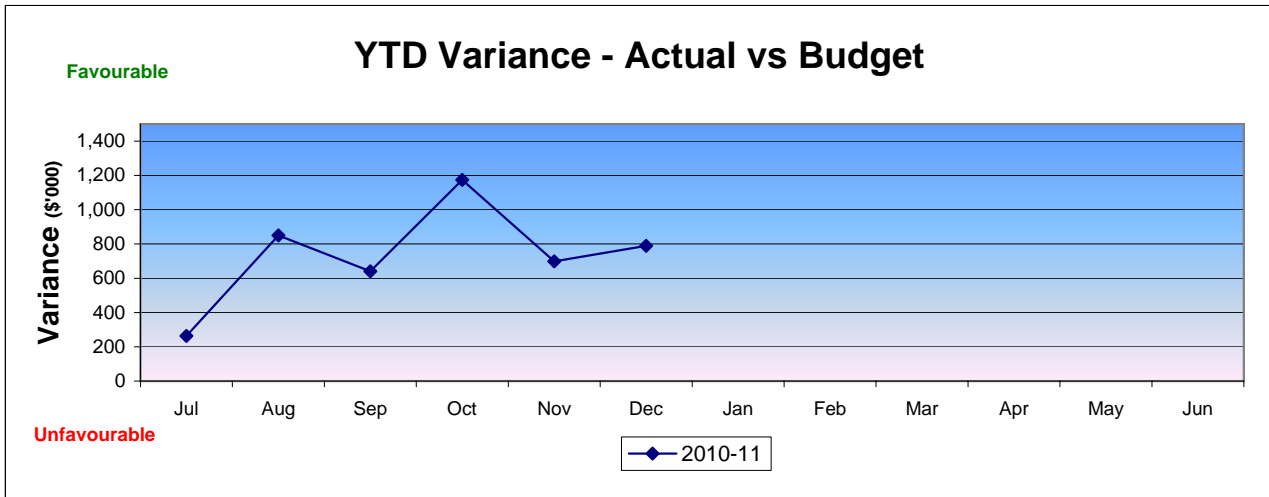
Favourable
Neutral
(Unfavourable)

### Summary of Key Variances

| Account Structure     | Variance Fav/(Unfav) (\$'000) | Explanation of Variance   | Management action to address variance |
|-----------------------|-------------------------------|---|---------------------------------------|
| Professional Services | 72                            | Relates to delays in the appointment of the internal auditor and the subsequent rolling out of the internal audit program / engagement of consultants/auditors. | Monitor.                              |

72

## Corporate Services



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Six Months Ended 31 December 2010

#### Operating Surplus/(Loss)

|            | YTD Actuals | YTD Budget | Variance | Full Year Budget | Full Year Forecast |
|------------|-------------|------------|----------|------------------|--------------------|
|            | (\$'000)    | (\$'000)   | (\$'000) | (\$'000)         | (\$'000)           |
| <b>Dec</b> | 32,021      | 31,232     | 789      | 62,395           | 62,702             |

Favourable

Neutral

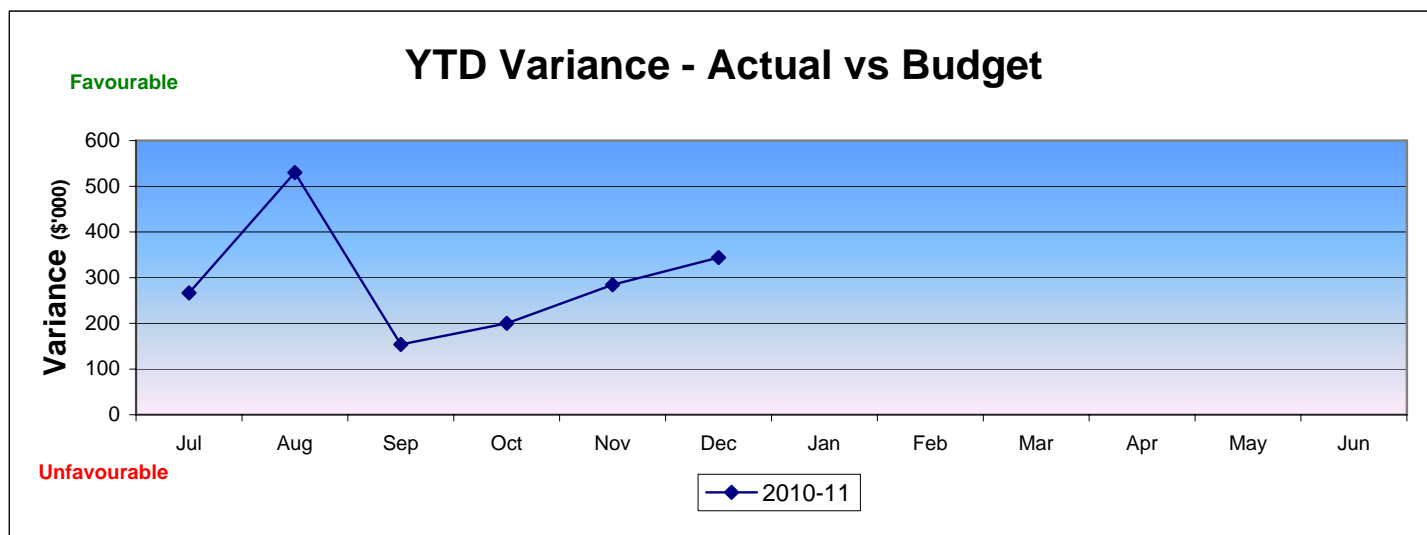
(Unfavourable)

### Summary of Key Variances

| Account Structure  | Variance Fav/(Unfav) (\$'000) | Explanation of Variance   | Management action to address variance  |
|--------------------|-------------------------------|---|--|
| Contract Payments  | 166                           | Due to delays in the receipt of invoices from vendors (Information Systems department).   | Continue to monitor variance.  |
| Interest Income    | 673                           | Interest income \$673K more than the YTD budget of \$500K due to a combination of higher than projected interest rates and significantly greater funds available for investment.  | Full year forecast increased from \$1.0M to \$2.0M   |
| Insurance          | (290)                         | This unfavourable variance relates to payment against a public liability claim and greater than projected below excess claims.  | Council is attempting to recoup some of these costs from other parties. This may not be settled this financial year but a forecast budget change has been made in 2010/11. |
| Wages And Salaries | 295                           | Superannuation expenditure \$300K favourable due to the timing for the initial Council contribution to the Defined Benefits Superannuation shortfall being deferred to July 2011. | Transfer the 2010/11 budget allocation to reserves to enable Council to part fund the known \$2.0M liability in July 2011 from general reserves.                           |

844

## Cultural & Community Development



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Six Months Ended 31 December 2010

#### Operating Surplus/(Loss)

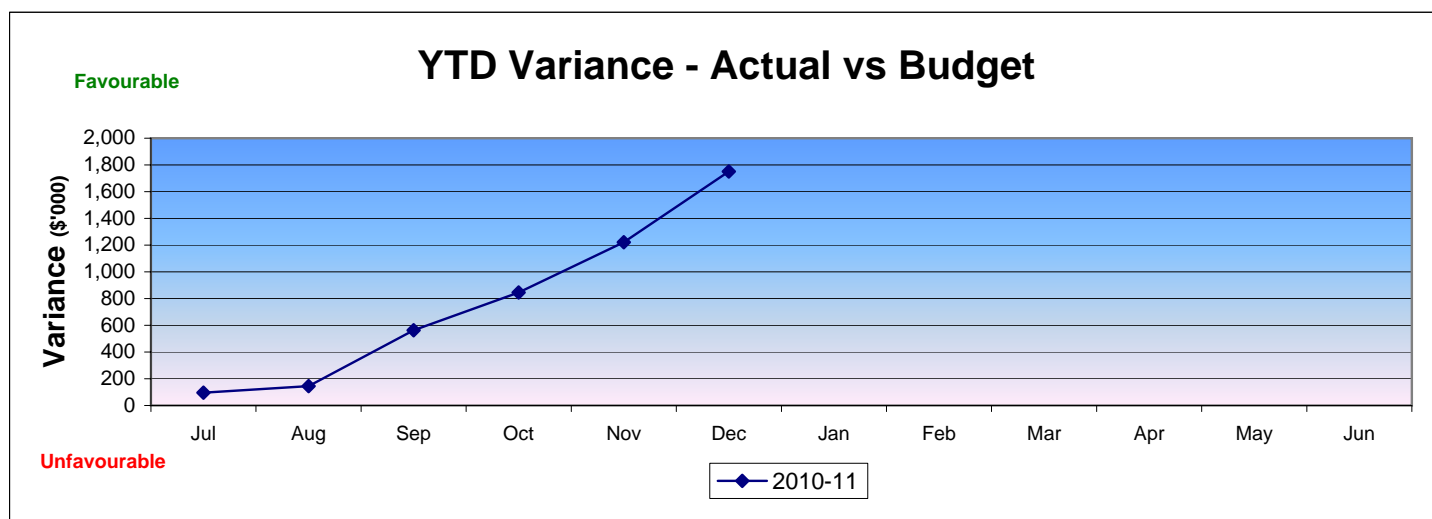
|            | YTD<br>Actuals<br>(\$'000) | YTD<br>Budget<br>(\$'000) | Variance<br>(\$'000) | Full Year<br>Budget<br>(\$'000) | Full Year<br>Forecast<br>(\$'000) |
|------------|----------------------------|---------------------------|----------------------|---------------------------------|-----------------------------------|
| <b>Dec</b> | (7,401)                    | (7,745)                   | 344                  | (16,247)                        | (16,567)                          |



### Summary of Key Variances

| Account Structure | Variance<br>Fav/(Unfav)<br>(\$'000) | Explanation of Variance  | Management action<br>to address variance                        |
|-------------------|-------------------------------------|--|---|
| Government Grants | 111                                 | Principally due to Clarke Shields Pavilion grant which will be paid on to Parks Victoria (\$80K temporary favourable variance) | Payment is made to Parks Victoria as required.                  |
| Other Expenses    | (130)                               | Due to 2 x unbudgeted AFL Grand Final live sites (\$85K permanent unfavourable variance).                                      | Forecast adjustment previously made for Grand Final live sites. |
| Fees & Charges    | 299                                 | Principally due to St Kilda Festival \$167K and Events & Permits \$63K temporary favourable variances due to phasing.          | Monitor   |
| <b>280</b>        |                                     |  |   |

## Environment & Planning



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Six Months Ended 31 December 2010

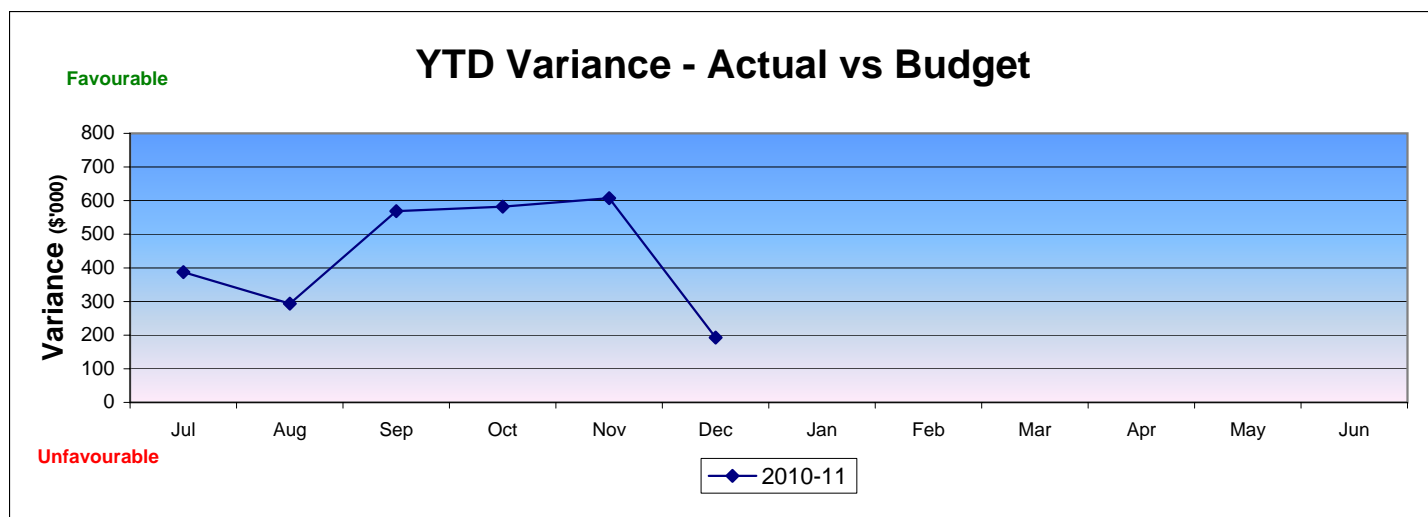
#### Operating Surplus/(Loss)

|            | YTD<br>Actuals | YTD<br>Budget | Variance | Full Year Budget | Full Year<br>Forecast |
|------------|----------------|---------------|----------|------------------|-----------------------|
|            | (\$'000)       | (\$'000)      | (\$'000) | (\$'000)         | (\$'000)              |
| <b>Dec</b> | 6,399          | 4,647         | 1,751    | 7,891            | 8,076                 |

|            |         |                |
|------------|---------|----------------|
| Favourable | Neutral | (Unfavourable) |
|------------|---------|----------------|

### Summary of Key Variances

| Account Structure | Variance<br>Fav/(Unfav)<br>(\$'000) | Explanation of Variance  | Management action<br>to address variance  |
|-------------------|-------------------------------------|--|---|
| Parking Revenue   | 331                                 | Ticket Machine income is higher than expected.   | Continue to monitor.  |
| Contract Payments | 322                                 | This variance has been caused by the late submission and processing of invoices from our contractors due to the Christmas break.           | Ensure a monthly accrual is processed so as to accurately reflect any variance against budget. Management will continue to oversee to ensure timely processing of invoices. |
| Materials         | 101                                 | Primarily due to lower than expected Parking machine maintenance expenditure as a result of the new parking machines being under warranty. |   |
| Fees & Charges    | 564                                 | Due to higher than anticipated receipt of Development Permit Fees \$425K, Statutory Planning fees \$92K and Business Support income \$27K. | Variances have been addressed in November with appropriate Forecast Changes.  |
|                   | <b>1,318</b>                        |  |   |



Note - Target for YTD Variance against Budget is zero.

### Financial Performance - Six Months Ended 31 December 2010

#### Operating Surplus/(Loss)

|     | YTD Actuals<br>(\$'000) | YTD Forecast<br>(\$'000) | Variance<br>(\$'000) | Full Year Budget<br>(\$'000) | Full Year Forecast<br>(\$'000) |
|-----|-------------------------|--------------------------|----------------------|------------------------------|--------------------------------|
| Dec | (14,353)                | (14,546)                 | 193                  | (30,420)                     | (30,557)                       |

Favourable
Neutral
(Unfavourable)

#### Summary of Key Variances

| Account Structure | Variance Fav/(Unfav) (\$'000) | Explanation of Variance   | Management action to address variance   |
|-------------------|-------------------------------|---|---|
| Utilities         | 217                           | This represents the following.<br>(i) Public Lighting \$217K favourable variance due to original budget estimate of moving to 50% green energy power, being revised down to 25% as per council resolution passed on the 13th of September 2010. A forecast change of \$160K within this operating area has been allocated to Capital Works retro-fit projects to permanently reduce energy consumption from council buildings.<br>(ii) A further \$120K is due to the delay to 25% green power purchase. The option to extend the purchasing contract has not been completed. | (i) Addressed with \$160K forecast change in November 2010.<br>(ii) The contracts unit is finalising the contract extension agreement so that the purchase can be undertaken. |