



CITYWIDE

shaping sustainable landscapes



Annual Report 2009

the capacity to outperform



Citywide is a diverse company shaping and maintaining high performance assets. We deliver the full scope of open space, environmental and civil infrastructure services, supported with expert advice, to government and private enterprise.

A trusted partner in our customers' growth and development, Citywide has a strong reputation for service innovation and the quality of our work.

we shape sustainable landscapes

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Focused and positioned for growth

During a year of global uncertainty, Citywide achieved record revenue of \$158 million, retained critical contracts and invested in innovation.

	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Indicators					
Total revenue	158,321	154,681	128,003	96,181	85,248
Profit from ordinary activities before income tax	8,053	9,756	8,764	6,557	5,746
Net profit after income tax	5,789	6,800	6,113	4,549	3,965
Total assets	90,042	95,753	85,113	55,195	50,534
Shares issues	18,406	18,406	18,406	18,406	18,406
Total equity	46,222	42,799	38,659	31,129	28,421
Number of direct employees	733	780	770	466	445
Performance Measures					
Return on sales before tax	5.1%	6.3%	6.8%	6.8%	6.7%
Return on assets after tax	6.4%	7.1%	7.2%	8.2%	7.8%
Earnings per share after tax	31.5 cents	36.9 cents	33.2 cents	24.7 cents	21.5 cents
Return on total equity after tax	12.5%	15.9%	15.8%	14.6%	14.0%
Current ratio	0.85:1	0.90:1	0.87:1	0.96:1	0.94:1
Revenue per employee	\$215,990	\$198,309	\$166,238	\$206,397	\$191,569

HIGHLIGHTS FOR 2009

- 8th consecutive year of record revenue growth
- Revenue per employee increased by 8.9%
- Maintained dominant market position as Australia's leading open space services provider
- Successfully re-won prominent open space and trees contracts with local government
- Lost Time Injury Rate 4.32% (below industry standard at 8%)
- First to trial environmentally friendly Greenpave asphalt with Victorian state road authority, VicRoads, at the recently completed \$331 million Deer Park Bypass freeway link
- Re won Victoria's largest municipal waste management contract with the City of Melbourne

Message from the Chairman



Lyn Davies, Chairman Citywide

On behalf of the Board of Directors, it is my pleasure to present the Citywide Annual Report.

Fiscal 2009 was a year of significant achievements and traditional challenges, with the global financial crisis providing a new set of challenges for Citywide and our clients. In light of the conditions, it is extremely pleasing to report on a profitable and successful year for the company. Whereas we may not have achieved an 8th straight record profit, the business successfully achieved record revenue of \$158 million. Citywide continued to establish its position as Australia's leading open space services provider, with strong profitable revenue from the division for an eighth consecutive year, buoyed by the re-winning of a number of contracts and new business growth in both Victoria and New South Wales.

Citywide's Infrastructure division continues to expand its geographical coverage, successfully delivering complex civil infrastructure projects for local and state governments and commercial sectors. However, despite increasing revenues during the year, the asphalt business was not meeting the company's expected returns. Citywide Infrastructure, like many companies operating in highly competitive markets, undertook a comprehensive review of its services portfolio, researching

markets that would deliver sustainable profit and growth. The asphalt production and laying industry has undergone rapid consolidation in recent years and is now dominated by large, fully integrated companies. As a result of the review, Citywide restructured infrastructure operations to simplify the business and divest cash-consuming businesses. This entailed some tough decisions, including the divestment and closure of operations that were underperforming or no longer aligned with our long term strategy. As a result of thorough work by management, Citywide divested its Rex Road asphalt production facility located in Campbellfield, north west of metropolitan Melbourne and shut down the Blacktop Paving operations. Whilst a difficult decision, Citywide is now well positioned to move quickly as federal and state infrastructure projects come online.

On behalf of the Board, I would like to thank all employees associated with these two businesses who, during this demanding period, exhibited commitment and dedication in their duties.

Leveraging our core strengths and capabilities, we have had exceptional success in customer retention and contract growth, re-winning major open space and trees contracts, including the

Cities of Whittlesea and Bayside. Our Environmental division re-won what is arguably the largest Victorian municipal waste management contract with the City of Melbourne. This year, we also consolidated our New South Wales operations for continued growth.

The Victorian waste management industry is about to enter a period that will bring about significant change in response to the driving forces of innovation (Alternative Waste Technologies), community expectation, and state and local government policy (toward zero waste to landfill). Citywide has entered into an agreement with a technology partner to investigate the feasibility of developing alternative waste technology at an existing waste transfer station, located in the Melbourne suburb of Kensington. The transfer station is strategically located to service surrounding metropolitan councils and, augmented with state-of-the-art technology, would support the state government's targets of diverting 65 per cent of waste from landfill.

In the year ahead, tendered and organic sales will continue to be the cornerstone of our success, underpinned by actions to align capabilities across the organisation in complementary service areas. With a strong balance sheet, Citywide is in an excellent position to accelerate growth through targeted acquisitions.

The company continues to maintain a dominate market position in the Victorian local government sector in open space, infrastructure maintenance and cleansing services.

Moving forward, we will leverage our project management expertise and build on our reputation for innovative, environmentally sustainable client services.

Internally, we're ensuring Citywide continues to evolve ahead of market demand. In a year when many companies pulled back their training budgets, we invested in staff knowledge

and expertise through enhanced training programs and a new, restructured apprenticeship scheme. We strongly believe investing in our people is paramount to providing industry best solutions to our clients.

The Directors recognise the excellent leadership and achievements of Managing Director Kerry Osborne, the executive team and the senior management team in steering Citywide and its staff through a year of significant change. We congratulate them on their tireless efforts to successfully re-position the company for growth. As Chairman, I wish to acknowledge the contribution of my fellow Board members - throughout the year, their input around the boardroom table has been equalled by regular contact, on the ground, with Citywide's service delivery teams.

It gives me great pleasure to record both my appreciation and that of our shareholder in congratulating all employees who, by maintaining professionalism and customer focus, have achieved a great overall company performance.



Lyn Davies | Chairman

Message from the Managing Director



Kerry Osborne, Managing Director Citywide

I am pleased to report that Citywide has emerged from a period of change and operational review, sharper in focus and positioned for growth.

As well as maintaining our profile as the number one open space services provider in Victoria through wins and re-wins, fiscal 2009 saw Citywide win a number of civil construction and maintenance contracts. We have also grown our market share with Victorian state road authority VicRoads, securing a number of projects to provide civil infrastructure services from Mansfield right through to the Otways.

Citywide has experienced significant demand for project management services, particularly on complex infrastructure upgrades such as the recently completed North Melbourne Station. The federal and state government economic stimulus packages focused on infrastructure investments, upgrades and new schemes, provide excellent opportunities for Citywide to continue expanding project management and infrastructure maintenance services.

With revenue in 2009 reaching \$158 million, another record milestone was posted by the company.

Like many, Citywide has not been immune to the effects of the global economic downturn, which has created uncertainty and resulted in tighter budgets among customer sectors. During

the year, as part of a strategic review, the difficult decision was made to divest Citywide's Rex Road Campbellfield asphalt facility and demobilise the Blacktop Paving operations. The asphalt industry has experienced significant consolidation over the past years and is now dominated by large, fully integrated providers. Competition is particularly fierce in Melbourne's northern growth corridor, the location of Rex Road and Blacktop Paving. Although a challenging decision, we have emerged from the process with a leaner, streamlined organisation poised for expansion.

Despite the economic downturn affecting margins and budgets for many companies, Citywide has maintained profitability. We attribute the company's ongoing performance to our strong relationships with our long term client base, together with our ability to deliver value based solutions which maintain revenue streams year after year.

With a strong balance sheet, Citywide will continue to seek opportunities to strengthen its position through targeted acquisitions, tenders and organic growth, building scale and scope in support of regional and national expansion.

We will continue our focus on environmental sustainability, one of our core strategic initiatives. We are ensuring Citywide offers its local government clients solutions as they seek to remove carbon from the supply chain and achieve a stated target of

zero emissions by 2020. Citywide's Open Space division has a number of sustainable water management projects currently being trialled, including recycled water and water purification technologies. Citywide's reduced emission asphalt mix, Greenpave, is receiving growing acceptance by local and state government and is currently being trialled by the majority of Melbourne metropolitan councils, as well as the Victorian state road authority, VicRoads, at the recently completed \$331 million Deer Park Bypass freeway link.

With economic challenges ahead, Citywide's price and profit management project will continue to be an operational imperative. As part of a review of costs and service delivery, Citywide will continue to ensure its operations are lean and outcomes focused. We are nearing the completion of a number of improved procurement strategies, leveraging our buying power to improve cost and efficiencies. This year we also installed new systems to improve information and process flow across the business.

While we have been prudent with our discretionary budget, we have made training an investment priority, building on graduate programs, staff development and emerging leader programs already embarked upon. Only by identifying emerging talent and leaders in our organisation can we safeguard the company's long term future.

We will continue our focus on environmental sustainability, one of our core strategic initiatives.

Maintaining assets enjoyed by millions of Australians every day, Citywide people are valued members of the communities in which they work. The company has made a commitment to contribute to activities and causes which are meaningful to the people we serve. We support a number of charitable organisations, contributing to community events such as the Family Life Open Garden Day and Carols by Candlelight in the Melbourne municipality of Bayside. Following the devastation of the bushfires earlier this year, Citywide collected and distributed clothes and other much needed household items, while our people volunteered time, out of working hours, to assist at collection centres. The company's expert open space teams provided tree management and horticulture support in the

post-fire clean up. In addition, Citywide donated \$5,000 to the Red Cross appeal and employees were further encouraged to donate money, the total of which the company matched.

I would like to convey my deep personal gratitude to all employees who played a frontline role at the bushfires, as well as administration staff who gave their time to distributing food and water. The contribution of all those involved was terrific and inspiring. It is a great privilege to lead an organisation that places such importance on people and their communities, whether through delivery of projects characterised by a high level of knowledge and expertise or by lending a helping hand to those who need it.

I also take this opportunity to acknowledge the outstanding performance of my executive team, senior management team and all Citywide staff for their dedication, passion and commitment shown throughout this challenging year. I look forward to working with all employees and clients to continue building on Citywide's success.



Kerry Osborne | Managing Director

Infrastructure Overview



Dependable project management on major developments

The smooth transition and mobilisation of the City of Melbourne civil infrastructure services contract and continued growth in services to the state road authority, VicRoads, saw the Infrastructure Division hold its strong market position in the 2008/09 fiscal year.

Citywide civil road maintenance teams are now working right across Victoria, from the Colac Otway Shire in western Victoria through to Mansfield and Benalla in Victoria's north east. Our experienced operations managers are responsible for approximately 1,500km of highways and main roads.

Recent federal and state government economic stimulus initiatives have allocated in excess of \$1.5 billion to community infrastructure and road projects. A trusted company with proven

experience on a range of major projects, Citywide is well positioned to deliver elements of proposed works.

Applying expertise and capability in project management, this year Citywide's civil project management team successfully delivered two key projects. The first saw Citywide contracted to undertake the extensive resurfacing of platforms at Victoria's North Melbourne train station. Contract specification required resurfacing of the highest standard, improving safety and amenity for commuters, especially those with disabilities. During project delivery, limited disruption to services was also a high priority. Despite challenges to construction including restriction on working hours and delivering materials to the site, Citywide delivered on all contract commitments without a single community complaint or disruption to train movements.

The second project saw the Infrastructure team complete a major upgrade to the Northern Hospital parking facilities, constructing a new car park and updating the Ambulance Access Bay. The Northern Hospital emergency department is the busiest in Victoria, treating nearly 70,000 patients annually. Citywide completed a project that included construction of a subterranean water retardation and diversion system.

Both of these projects highlighted Citywide's strong project management capabilities and capacity to deliver in high usage, high risk environments.

Citywide Infrastructure consolidated its operations during the year, which led to the closure of the Blacktop Paving business, and the sale of Citywide's Rex Road asphalt plant,

"With high commuter traffic and no disruption to train movements, timing of works was critical. Citywide delivered."

Ben Henshaw | Project Manager, McConnell Dowell
North Melbourne Railway Station Redevelopment



in Campbellfield, Victoria, to Boral. All Citywide Rex Road employees retain employment with Boral. We would like to acknowledge the professionalism shown by employees during this period of change.

Citywide's main asphalt plant in Arden Street, North Melbourne, continues to provide quality asphalt mixes, including advanced Greenpave, to our local government and commercial customers throughout metropolitan Melbourne. This year the plant reached the highest asphalt production levels in its history. Greenpave warm asphalt mix is now being trialled by over 13 councils and VicRoads. Also supplying high performance hot mix and recycled asphalt product (RAP), the plant is well placed to service the needs of surrounding municipalities and growing subdivision markets.

To improve productivity and customer service, Citywide Infrastructure has co-located to a new purpose built premises in North Melbourne, within walking distance to the North Melbourne asphalt plant and other service depots.

Citywide Infrastructure's highly experienced management team and civil teams are unmatched in their expertise and experience in undertaking specialised civil infrastructure projects and maintenance. As we head into the new financial year, the division will focus on areas in which we significantly out perform our competitors. Improved price and profit management will also position Citywide Infrastructure as a leaner, more efficient business.

HIGHLIGHTS

- Successful transition into new City of Melbourne civil infrastructure services contract
- Increased road maintenance services to Victorian state road authority, VicRoads
- Successful marketing and in-situ testing of Greenpave warm asphalt mix across 13 municipalities
- Greenpave trial with VicRoads at the recently completed Deer Park Bypass project
- North Melbourne asphalt plant production at highest levels in operating history.

Open Space Overview



Vegetation Management Sandringham Foreshore (VIC)

People and technology led innovation extends our lead

The 2009 fiscal year saw the Open Space division continue to establish Citywide's reputation for unmatched public and commercial asset maintenance and management.

Contract retention was a primary focus during the year. The company's depth of capacity, expressed in the knowledge, skills and experience of our people in project management, horticulture and arboriculture – coupled with strong customer relationships – saw the organisation successfully re-win Open Space and Trees contracts with the Victorian cities of Bayside and Whittlesea. In addition, contract extensions were approved on existing contracts with the cities of Kingston, Port Phillip, Randwick (NSW) and Melbourne's heritage listed Government House. The division's portfolio was expanded with new tree services contracts for the cities of Hume, Moreland, Boroondara and the Shire of Sutherland (NSW).

Citywide now maintains in excess of 2,200 hectares of open space for local, state government and commercial customers, including 2,250 parks and reserves; 200 sports fields; 200 hectares of bushland, native vegetation and foreshore precincts; and over half a million street and park trees.

One of the many challenges currently facing local government is mitigating the effects of the continuing drought on valuable open space assets. Responding to council concerns, Citywide has created the H2POD for use in parks and gardens. Modelled on traditional traffic barriers, the H2PODs are attractively and sympathetically designed water barriers with a 10m dripper hose that is placed around the root plate of the tree and feeds water down to deep tree roots. The barriers, designed with the dual purpose of bench seating for pedestrians using park facilities, are currently being trialled in gardens across metropolitan Melbourne.

Additional drought mitigation initiatives have also been investigated across many of Citywide's major open space contracts. From plant selection to park design, Citywide's expert bushland and foreshore management personnel are working with Victorian councils to ensure the ongoing viability and functionality of public open spaces during the present unprecedented drought conditions.

This year Citywide tightened its environmental procurement policy – to purchase 'green' alternatives in materials, plant and equipment. Tests are conducted to verify manufacturer claims and a trial was recently conducted on low emission brush cutters to test reduced fuel consumption, emissions and noise as well as increased power. After a successful trial period, the new brush cutters are a standard acquisition.

Over the past twelve months, a number of hybrid trucks were also introduced into the Open Space fleet. The trucks are



Formative Tree Pruning, Sydney

*"It is a beautiful story
and Carmen is fantastic!"*

Gardening Australia | ABC TV
Report on Citywide's foreshore regeneration program



World Heritage Carlton Gardens, Melbourne

electric, dual fuel vehicles which achieve significant reductions in carbon emissions; they are another example of Citywide pioneering the use of alternate fuels (see Environmental Overview for other projects).

At financial year end, a comprehensive audit of all street trees within the City of Casey, using Citywide's advanced TRAX asset management and scheduling system, is now 60-70% complete. The audit, undertaken by Citywide's trained arborists, has recorded data from over 150,000 trees within the municipality. Information is being utilised by Council to monitor the location, health and value of trees. The system enables Council to reduce risk by prioritising work as well as accurately and strategically planning for future plantings. There are now over 450,000 trees across Victoria and New South Wales being managed using the TRAX system.

Citywide maintains a competitive edge in the fields in which we operate by employing and training the best horticulturalists and arborists in industry. In early 2009, two Citywide arborists were recognised for industry best practice in arboriculture at an Apprentice Awards night. Operations Manager, Rod Fraser was awarded 'Best Apprentice in Cert 3 Arboriculture 2008' for his final year of study and Citywide Junior Apprentice, Sam Sweeney, was allocated for a further study grant by Northern Melbourne Institute of TAFE (NMIT) for his commitment to learning and understanding all aspects of arboriculture.

Citywide continues to invest in recruitment, staff development and apprenticeship programs that facilitate the growth of our workforce. This year, the company extended its recruitment, attending career expos in the UK and New Zealand, as well as many local trade shows. The increased reach will bring

HIGHLIGHTS

- Re-won the City of Bayside Open Space and Trees contract
- Re-won the City of Whittlesea Open Space and Trees contract
- Won the Shire of Melton Trees contract
- Melbourne arborist awarded NMIT 'Arborist of the Year'
- First year Apprentice Horticulturist awarded 'Apprentice of the Year'

international thinking, techniques and knowledge into the growing business.

With the Open Space division now firmly positioned in Sydney after the successful mobilisation and transition of the City of Sydney Open Space contract, the challenge is to expand further into NSW market.

Environmental Overview



Engineering long term sustainability for Australian communities

This financial year saw Citywide Environmental make significant investments in technology and equipment, positioning the division to respond effectively to evolving government policy and community expectations.

This time last year, Citywide Environmental was preparing to re-tender for the delivery of cleansing services at Melbourne's iconic Queen Victoria Market and one of Victoria's largest waste management contracts, the City of Melbourne. It gives us great pleasure to report that we have been successful in re-securing both these contracts. The re-win of the City of Melbourne waste management contract affirms Citywide's leading position in the municipal waste collection sector.

The division's commercial and industrial waste business continues to increase market share in its geographical areas of influence. Our sales strategy has resulted in an increase in

customer density within our defined geographical boundaries, resulting in improved productivity and returns.

This year, Citywide Environmental also added a new trailer to its fleet. Use of the B Double Combination in a waste management capacity is a world first. The B Double brings with it significant efficiencies and environmental benefits, including a waste to landfill per load increase of 15 tonnes, a 30% reduction in trips to landfill and a significant reduction in fuel usage throughout the business. It is another example of Citywide investing in physical resources to ensure our clients receive a service that is world's best practice in efficiency and sustainability.

Across the Citywide business we are continually exploring initiatives to reduce our ecological footprint and tread more lightly on the Earth. We are reducing the amount of resources we use (and buy), the waste we create and the emissions we produce.

Current state and local government waste management and resource recovery policies provide an excellent opportunity for Citywide's Dynon Road Waste Transfer Station (Kensington). These policies include:

- Victorian state government's Towards Zero Waste Strategy;
- Sustainability Victoria's Metropolitan Waste & Resource Recovery Strategic Plan (calling for eight new Alternative Waste Technology facilities by 2014);
- Local government's Zero Carbon Footprint Policy by 2020; and
- Federal government's Carbon Pollution Reduction Scheme (CPRS) currently targeted for 2011.

Waste treatment to produce bio energy

Significant changes will be required to achieve 65% recovery rates for municipal solid waste required by waste and resource recovery policies.



"We feel fortunate to have a development partner in Citywide, a company matching our commitment to technology-led environmental solutions."

Thomas Rudas
Managing Director | AnaeCo (ASX: ANQ)



Street cleansing, Docklands (VIC)

Citywide has entered into a Memorandum of Understanding with Australian waste technology company AnaeCo (ASX:ANQ) to undertake a feasibility study into the redevelopment of the Dynon Road Transfer Station into a Community Biopower Centre, employing Alternative Waste Technology. The redevelopment will integrate a multi-function resource recovery and bio-conversion plant with the existing waste transfer facility. The upgraded plant would process waste from inner Melbourne councils and commercial and industrial businesses.

Proprietary to AnaeCo, the bio-conversion technology is safe, odourless and effective, and is currently successfully operating at a suburban site in central Perth (WA) and in development at Barwon Shire, Victoria (serving greater Geelong).

The environmental benefits of the technology as applied to the Dynon Road site are:

- Major reduction in waste to landfill (up to 85%);

- Electricity generation from bio-conversion process;
- Reduction of time trucks spend on the road and corresponding reduction in greenhouse gas emissions;
- Increase in social capital and community pride;
- Reduced congestion on major arterial roads.

Alternate fuel trials

Citywide continues to monitor and trial the latest alternative fuel technologies, leading the adoption of alternate fuel in the physical services industry. Citywide was the first company in Australia to trial CNG (compressed natural gas) technology in waste vehicles and recently completed assessment of a new LPG system which achieves reductions in CO₂ (greenhouse gas) emissions of up to 14%.

The new LPG system has been fitted to the company's waste compactors in the City of Manningham and centralised

HIGHLIGHTS

- Increased efficiencies within the Commercial Waste business
- Re-won City of Melbourne Waste and Queen Victoria Market contracts
- Entered into a Memorandum of Understanding with AnaeCo (ASX:ANQ) to investigate the feasibility of an Alternative Waste Treatment facility in Melbourne.
- Introduction of LPG vehicles and fuel efficient hybrid options into fleet

purchasing requirements are being altered to ensure new utilities are fitted with LPG. Citywide is also assessing all plant, equipment and fleet for the suitability of LPG and fuel efficient hybrid options.



Our Organisation

Well managed, sustainable and focused on people

Citywide is a diverse company shaping and maintaining high performance assets. We deliver the full scope of open space, environmental and civil infrastructure services, supported with expert advice, to government and private enterprise.

A trusted partner in our customers' growth and development, Citywide has a strong reputation for service innovation and the quality of our work.

We shape sustainable landscapes.

Our unique, diversified service model has underpinned the company's rapid growth since its foundation in 1995. Today we deliver integrated services to Australia's most prominent capital city governments and national corporations.

Our service teams are led by people who are experts in their fields. Applying knowledge and experience, we deliver services that set benchmarks for best practice. We also invest in annual in-house training and development programs to further our reputation for highly skilled people, process innovation and effective application of new technology. A partner in the truest sense, we work with customers to achieve higher performance.

The assets we manage are enjoyed by millions of Australians every day. As a result, we remain ever conscious of our place within the community and environment. Citywide's risk team manages the development and supervision of accredited safety, quality and environment systems. Our people and the environments they work within are protected at all times. The quality of our work is assured.

Sustainability is a company philosophy supported by a strategy plan, integrated with operational systems and social programs. Citywide has a track record of effective environmental management. From water use minimisation in heritage listed gardens to investment in world leading asphalt technology, we are helping our customers meet tough environmental and emissions targets.

Citywide's unique diversified service model, and our commitment to being the leading Australian service provider in our areas of competency, has placed us in an unparalleled position to meet the challenges facing our customers and the communities they serve.



Our Organisation

Our Vision

“To be Australia’s leader in the provision of sustainable open space, environmental and infrastructure services in our areas of competency through the development of our people, application of technology and industry best performance.”

Our values

People

- We have the best people for the services we deliver
- We invest in our people to ensure they are the best in their fields
- We make sure our people and those around them are safe
- We select new people because they have the best skills, experience and moral integrity
- We treat each other as we expect to be treated

Customer relationships

- We understand our customers better than the competition
- We listen to and respond to our customers
- We always adopt a consultative approach

Performance

- To be a successful company we must perform at our peak, maintain a strong balance sheet, good operating margins, working capital usage and excellent profits
- We must seek performance improvements in everything we do
- We own our roles and we are accountable for outcomes
- We reward performance

Knowledge

- Knowledge is our advantage
- We seek and apply knowledge to deliver better outcomes
- We respect and invest in the pursuit of knowledge to improve the services we deliver

Innovation

- We can find better ways of doing everything we do
- Innovation is everyone’s responsibility
- Our customers expect innovation
- We reward innovation

Sustainability

- We want to work for a company that has a positive impact on life
- We are part of the communities we serve
- We listen to and respond to the concerns of community members
- Citywide’s long term goals need long term thinking

A diverse, capable workforce



Expanding on our civil engineering graduate program, Citywide has developed an apprenticeship program to be implemented in 2010.

Our commitment to a diverse workforce extends to the inclusion of unskilled or semi-skilled employees who are employed under an apprenticeship or traineeship scheme. Offering apprenticeships or traineeships to existing employees also supports organisational skills improvement and succession planning for the future. This program will be fully implemented in 2010; however engagement of apprentices has already been undertaken within our Fleet and Open Space businesses.

In addition to utilising traditional recruitment pathways, we are engaging people through non-traditional avenues in both permanent roles and work experience. Citywide has worked with Monash University to provide several short term internships to overseas students pursuing careers in Human Resources, Finance and Information Technology. During the past financial year, Citywide's Information Technology (IT) team provided work experience to a candidate from the Asylum Seeker Resource Centre, which assists people establishing a new life in Australia.

Collaboration with Wesley Mission has seen our Open Space team provide work experience to two intellectually disabled workers. In addition, Citywide has worked with the Judy Lazarus Transition Centre, which helps people with criminal convictions transition back into everyday life through work programs.

The Doxa Cadetship program provides young people from socially or financially disadvantaged backgrounds with financial support and work experience throughout the period of their university studies. In fiscal 2009, Citywide once again worked with the Doxa program, providing sponsorship to a student who will be working with the human resources team.

Citywide's participation in diverse employment programs and direct employment of apprentices and graduates allows us to not only engage and seek the best candidates through all avenues, but provides valuable experiences and improves cultural understanding among the teams in which they work. We will continue to utilise and expand our involvement with these programs in the coming year.





Investing in a sustainable future for Australian communities

Citywide is a major provider of physical services to Australians. The assets we manage are enjoyed by millions of people every day. We are conscious of our place within the community and environment; sustainability is a company philosophy supported by a strategy plan and reflected in the actions of our people.



CITYWIDE
shaping sustainable landscapes

Sustainability
Report 2009

Our Workplace

Our approach

One of Citywide's six core values is people. Our goal is to ensure we have "the best managed company with the best people". Citywide continues to invest in employees through development programs initiated by our human resources department, ensuring our people remain the best in their field.

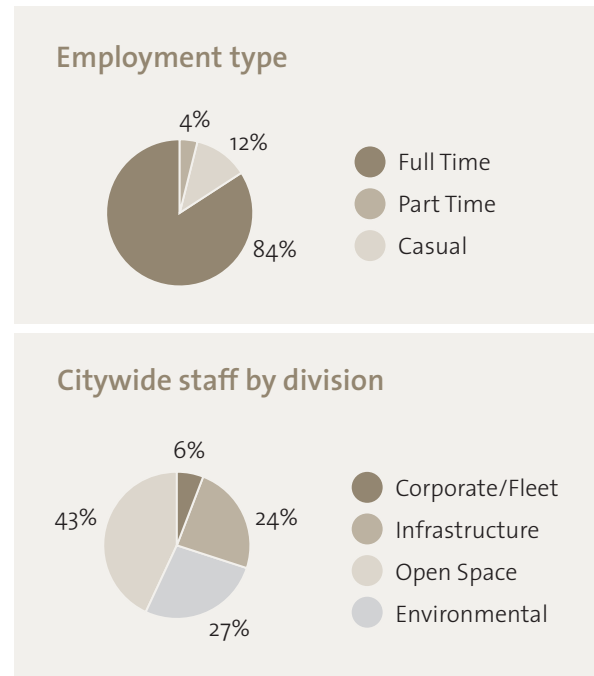
We are building a motivated, well trained and integrated workforce with a positive and pro-active organisational culture.

Outcomes

Leadership and development programs for Citywide staff in areas such as succession planning remain paramount within our training offer. Our strong commitment to compliance training and education continued throughout fiscal 2009, covering core skills and competency training across the whole business. Programs included the Emerging Leaders Program, equality and diversity training, manual handling, sun smart awareness and driver awareness training.

Our accredited training and safety programs continue to pay dividends, with a further reduction in our lost time injury frequency rate (LTIR) and severity rating, below the industry average.

At 30 June 2009 we have 738 employees, a reduction of 6% from June 2008 (Citywide divested the Rex Road Campbellfield Asphalt Plant and ceased the Blacktop Paving operations). The majority of our workforce is employed full time (83%) and most are employed within our Open Space business.



A Recognition Program was introduced in July 2008 to celebrate and recognise years of service.

In all, 92 employees were recognised for service ranging from 10 to 40 years. Family members of those who had completed significant service (30 to 40 years) were invited to a dedicated ceremony hosted by the Managing Director. Feedback from recipients was overwhelming and gratitude from family members heartfelt. The program will now become an annual event, hosted every December.

The senior management group, which includes all of the executive members, divisional managers, business unit managers and senior professionals, participated in a structured two day offsite session to review and amend the Citywide Strategic Plan. The process occurs on a six monthly basis and results are communicated to the broader business.

Development of leadership capabilities was a focus over the last twelve months, with dedicated programs for the key management group. Specifically, an internal program was developed that covered the broad areas of employee relations, performance management, financial processes and safety and quality procedures. The program was undertaken by all frontline management including all contract, operational, business unit and divisional managers. The program is run every three months, covering each subject separately.

Measuring our Performance

Type	Description	Initiative	Target 09/10	08/09										
Training & Development														
	Citywide is serious about investing in the development of our staff. We provide a full range of technical, operational and compliance training. Citywide has also implemented targeted leadership programs for staff at key stages of their career.	Talent Management Program	Improved management skills of leadership group	30 key positions identified and profiles established of key personnel.										
		Emerging Leaders Program	Succession Plans established for each business unit	12 month program to be completed by September 2009.										
		Internal Frontline Management Program including Performance Management	51 employees to complete training modules 3 & 4. 50 employees to commence training modules 1 & 2.	51 employees completed training modules 1 & 2.										
		Competency Framework	Identification of skill development areas for future training and development	Competency framework to be finalised by June 2010.	Arboriculture competencies developed and implemented.									
OH&S														
	$\frac{\text{Number of days lost in the period} \times 1,000,000 \text{ hours worked}}{\text{Number of hours worked in the period} + \text{contractors not included}}$	LTI Severity Rate	145	actual 135 target 145										
	$\frac{\text{Number of occurrences in the period} \times 1,000,000 \text{ hours worked}}{\text{Number of hours worked in the period}}$	LTI Frequency Rate	7	actual 4.32 target 8										
	Standard claims are Workcover claims that affect the Company's premium. Measures are a percentage of total company wages.	Standard Claims Rate	5	actual 3.66% target 6%										
Employee Engagement														
	Employee satisfaction	Employee retention	85 - 88%	85 - 86%										
	Citywide recognises the knowledge and experience of long term employees.	Recognition of Service Program	Award ceremony to be held in December 2009.	<table border="1"> <thead> <tr> <th>Years of Service</th> <th>Number of People</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>72</td> </tr> <tr> <td>20</td> <td>13</td> </tr> <tr> <td>30</td> <td>5</td> </tr> <tr> <td>40+</td> <td>2</td> </tr> </tbody> </table>	Years of Service	Number of People	10	72	20	13	30	5	40+	2
Years of Service	Number of People													
10	72													
20	13													
30	5													
40+	2													

Our Community

Our approach

Citywide people are active among the communities we serve on a daily basis. Each year the company and its staff support a number of events and charities with both in-kind and financial assistance.

Because of their skills and expertise, our people are often called upon to provide advice and lend a hand in emergency situations. The company also runs public education programs in waste and environmental management. We seek long term partnerships that engage the community and our employees.

This year Victoria faced the worst natural disaster on record, the Black Saturday bushfires. In response, Citywide's Open Space and Infrastructure crews volunteered their time on weekends and after hours for many weeks, working alongside state government authorities to clear fallen trees and debris. In addition, donations of money and clothing were collected across the company, and distributed to those in need. It was a confronting and exhausting time for many of our people, but the support provided made an immediate and lasting impact on the lives of thousands.

2008/2009 Community programs

Community sponsorships

Family Life Open Garden Day

For four years Citywide has been an active supporter of the Family Life Open Garden day event. Citywide Open Space team members give informative presentations to Bayside locals on native plants and tips on caring for the garden during difficult drought conditions. With all money raised going to Family Life, a not-for-profit community group supporting Bayside families at risk, this popular annual event allows people to see some beautiful and unique gardens, and learn the practices employed by experts to keep them looking good.

Uniting Care Connections

Connections is a community welfare agency of the Uniting Church's UnitingCare network in Australia. It supports children, young people, families and couples in need throughout Melbourne's eastern and southern suburbs. Last year, Citywide supported the development of Connection's Community Veggie Patch Project, which turned a neglected garden in the Melbourne suburb of Croydon into a veggie grower's paradise. Tended by disadvantaged families, the patch is now promoting healthy eating in the local community.

In the coming year, Citywide will work closely with Connections to establish a long-term, sustainable partnership between the two organisations.

Community training and education programs

Friends of Bayside

Every year the Citywide team at the Bayside Community Nursery hold a number of training sessions for local volunteers and Friends Groups in the local area. Ranging in length from an hour to a full day, this year's activities included a tour of local indigenous gardens, a day trip to Healesville Sanctuary and a training session at Braeside Park. The Citywide nursery runs on average eight working bees a month with the help of approximately 60 volunteers. Activities include seed sorting, propagation and seed collection.

Citywide's bushland crew also runs approximately 23 working bees a month with the help of an impressive 100 volunteers. Activities range from revegetation works and hand weeding to seed collection. The bushland crew also runs programs with local secondary schools, including St Leonard's, Sandringham Secondary College and a number of local primary schools.

National Tree Planting Day

Each year, Citywide bushland and nursery teams take part in National Tree Day activities throughout the communities in which we operate. The annual event sees community members return natural flora and fauna to the foreshore dunes of Sandringham. Each year Citywide's expert horticulturalists work with the help of around 70 volunteers to complete the plantings, providing knowledge and advice on indigenous flora and fauna. It's a great way for local community members to learn more about gardening and natural heritage while meeting like-minded people.

This year, Citywide held a number of planting days, including a joint planting day with the City of Bayside in which Citywide employees worked with community volunteers to plant over 2000 seedlings. Citywide was also the major sponsor of the City of Whittlesea tree planting day, part of National Tree Planting Day activities in 2009.

Waste Education

Citywide provides waste education consultancy services to the cities of Melbourne and Manningham under our Waste Management Service Contracts.

The 2009/10 Waste Education Strategy developed for the City of Melbourne focuses on improving recycling rates in high-rise apartments, multi-level apartments, detached houses, schools and universities with ongoing promotions and campaigns.

Citywide supports the City of Melbourne Schools Environmental Network, which provides ongoing professional development opportunities. The network is investigating development of a program to include university students in teacher development and support programs.

Donations

During the 2008/09 year, the following organisations were supported by Citywide:

- Red Cross Bushfire Appeal
- Ballam Park Cricket Club Bushfire Appeal
- Paraquad Victoria
- Racing for the Roses
- Rotary Club of Preston
- Chelsea Bowling Club
- AbaF's Australia Cultural Fund
- SES Emergency Services
- Wheelchair Sports Victoria
- Australian College of Ambulance Professionals
- Mental Health Music Network
- The Shrine of Remembrance
- Run for the Kids
- Family Life
- Hawthorn Relay for Life



Our Environment

Our approach

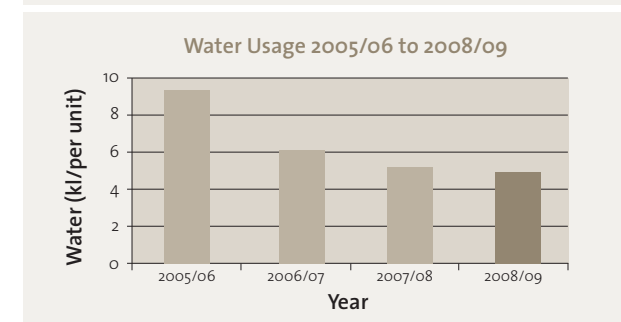
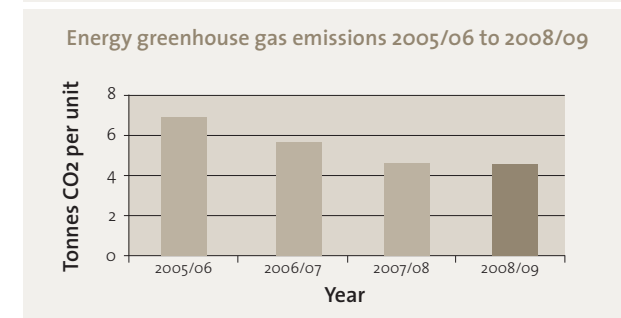
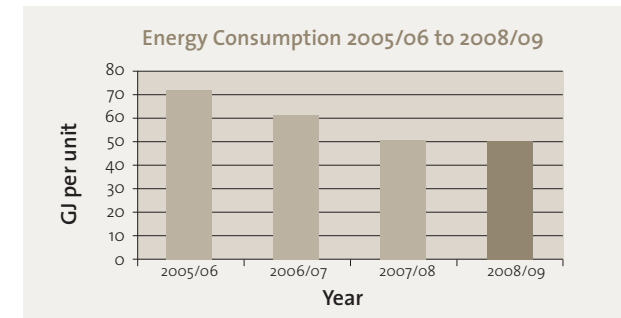
Environmental sustainability is an important driver for Citywide's business strategy and is a core value of the organisation. The Citywide leadership team reviews and approves our environmental sustainability priorities and receives periodic updates on environmental impacts and performance. Material issues are identified and managed in partnership with our key stakeholders via the Citywide risk management process, while environmental sustainability priorities are overseen by Board committees where relevant. Citywide conducts ongoing benchmarking and stakeholder research appropriate to ensure best practice is considered when establishing performance targets.

Climate change presents potential risks and opportunities to our business in the medium to long-term. Citywide has responded by implementing initiatives to reduce greenhouse gas emissions and expand public reporting. A thorough and ongoing Energy and Water Efficiency Program has been conducted and all Citywide sites participate in improvement projects. We have reduced our overall consumption of energy significantly on a 'per unit' of revenue basis.

Our customers are at the forefront of community change, developing policies and setting targets for reduction of greenhouse gas emissions, water use, waste minimisation and the improvement of biodiversity. Citywide assists in addressing these targets and continues to lead their implementation.

Citywide's environmental policies have been developed with a goal of continuous environmental improvement across all areas of the company. To help achieve this goal we have established an Environmental Management System (EMS) consistent with ISO 14001 to prevent pollution, minimise the potential for adverse environmental impacts and explore improved environmental options.

Energy reduction	<ul style="list-style-type: none"> • Energy audits of major use sites and depots • "Switch Off" Energy Awareness Campaign 	<ul style="list-style-type: none"> • Baseline data collected • Campaign conducted
Emissions reduction	<ul style="list-style-type: none"> • Greenhouse emissions analysis project • North Melbourne asphalt plant • Greenpave market development strategy 	<ul style="list-style-type: none"> • Carbon Footprint reduced
Water use reduction	<ul style="list-style-type: none"> • Rainwater harvesting from depots roofs • Installation of waterless urinals at all depots • Investigation of recycling of truck wash water at Green St & Dynon Rd 	<ul style="list-style-type: none"> • Water Management Plan developed



Environmental Innovations (Fiscal 2009)

Water Plan

A Water Management Plan was completed for our key depots to achieve immediate water savings by installing shower heads, flow restrictors/aerators and other water saving devices. The plan was also designed to report on possible long term solutions, such as water tanks, to guarantee further water savings. We are currently prioritising these initiatives and the F09/10 budget has set aside a significant amount for capital expenditure on sustainability projects and “greening the depots”.

Legislative reporting

As part of a National Greenhouse and Energy Report (NGER) Group legislative reporting arrangements, we monitor and provide the City of Melbourne with details on Citywide’s energy usage and greenhouse gas emissions. These reports are collated by an independent auditor on a quarterly basis.

Greenpave

We have produced a report comparing emissions associated with Greenpave asphalt and hot mix asphalt produced at the Citywide North Melbourne plant, based on over two years of data using a life cycle analysis process. This report also used data from a number of Greenpave environmental studies. The research undertaken confirms that Greenpave offers safety and environmental benefits with performance standards at, or above, those currently available in the Australian market.



ENVIRONMENTALLY FRIENDLY
ASPHALT ROAD SURFACE TRIAL

vic roads


CITYWIDE
shaping sustainable landscapes

WORKING TOWARDS CARBON
NEUTRAL ROADS
Paved 1st February 2009

Greenpave  in partnership with 

Infophone: (03) 9267 5100

Citywide is Australia's leading provider of reduced emission asphalt. The company's Greenpave product has been tested by municipal governments for 16 months and, more recently, by VicRoads on a major arterial.

Executive Profiles



Jim Dunstan

**Chief Operating Officer
MRiskMgt, MBusLaw, GAICD**

Jim Dunstan joined Citywide in June 2000 as General Manager Environmental Services and was appointed Chief Operating Officer in January 2008. Prior to this he held various senior executive roles with Brambles Industries over a twenty year period, including Divisional Manager Australia for Brambles United and Brambles Tankers. Jim has also been a member of the Board of Governors at Ivanhoe Grammar School since 2001 and is a Director of Club Fifty, a not for profit fund-raising organisation aimed at raising funds primarily for disadvantaged children.



Paul Gilmore

**Executive Group Manager Sales,
Marketing and Commercial
B.Eng (Elec Stg 4), Grad Dip Mkt.,
MBA, AAICD**

Paul Gilmore joined Citywide in 2001 as our Sales & Marketing Manager. In February 2008 he was appointed Group Manager Marketing, Sales and Commercial. Paul has extensive experience in the services industry and prior to joining Citywide held various senior management positions in marketing, business development and operations with Boral, Otis Elevator Company, P&O Services and Spotless Services Limited.



Craig Nisbet

**Group Manager Risk and
Information Technology
B.Ec., Grad Dip Tax, M.Acc., DBA,
MBA, AAICD**

Craig Nisbet joined Citywide in June 2007 and is responsible for Safety, Quality, Sustainability, Risk Management and Information Technology functions. Prior to this he held various Senior Leadership positions at Foster's Group Limited (for an eleven year period), including heading the Group Risk and Audit functions. Craig also lectured in the MBA at RMIT University, was Group Audit Manager at ANZ and spent a number of years consulting at Deloitte and Pricewaterhouse Coopers.



Angelica Georgaklis

**Group Manager Human Resources
BA, Grad Dip Applied Sociology**

Angelica Georgaklis joined Citywide in 2005 as our Senior HR Advisor. In February 2008 she was appointed Group Manager Human Resources. Prior to joining Citywide Angelica worked as an Employee/Industrial Relations practitioner within both corporate and union environments.



John Collins

**Chief Financial Officer and
Company Secretary
B Bus (Accounting)
Chartered Accountant**

John Collins is a Chartered Accountant with extensive experience at CFO level within large multinational organisations. He joined Citywide in July 2005 and prior to this his roles included CFO and acting CEO of Hospital Supplies of Australia and Finance Manager of Davids Limited and Composite Buyers.

Director Profiles



J L (Lyn) Davies **Chairman**

Lyn Davies joined Citywide Services on the 3 March 1995 as Chairman. He is a member of the Company's Audit and Risk Management Committee and of the Remuneration Committee of the Company. He is 65 years of age. His qualifications are a Diploma of Agriculture and an Advanced Diploma from the Australian Institute of Company Directors.

Lyn is a Company Director and a business consultant. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management, and a Life Member of the Australian Institute of Agricultural Science and Technology. Lyn is also Chairman of Service Stream Ltd; Star Services International Pty Ltd and is a Director of Mackay Consolidated Industries Pty Ltd and of ParaQuad Victoria. He has previously been Chairman of HRL Ltd, The Nordia Group, Floriana Pty Ltd, and Collins Booksellers Group and was a Director of Castle Bacon Pty Ltd. He was also Chairman of the Board of Yarra Valley Grammar. Lyn has acted as an advisor on commercial matters to Boards in a wide range of industries and he brings highly developed commercial and corporate governance skills to the Citywide Board. His previous business experience includes more than 20 years at Executive Director level with Elders IXL Ltd, Wattie Ltd and Goodman Fielder Ltd.



G E (Barry) McGuinness **Director**

Barry McGuinness was appointed to the Board of Citywide on 20 November 1996 and is a member of the Audit and Risk Management Committee, Chairman of the Finance and Operations Committee and Chairman of the Remuneration Committee. He is 66 years of age. His qualifications include a Degree in Public Administration. Mr McGuinness has retired as Managing Partner – International, Minter Ellison Lawyers.

Barry was previously the Partner in Charge of Arthur Andersen and Co. Consulting practice in Australia (now Accenture); owner/operator of a large primary production property, combined with ownership of his own management/strategic consultancy; three years as Managing Director and Chief Executive Officer of the Australian National Line; Chairman of Safetrac Pty Ltd and retired as Deputy Chairman of SPC Ltd. Mr McGuinness has held numerous other Directorships in listed and unlisted companies including Vision Systems.

His other responsibilities include Chairman of WOLECO Amenities (Singapore), Director of AED Oil Pty Ltd., Board member of Applied International, Chairman of SANZA Ltd (London) and advisory Board member for CB Group of Companies. Barry is also a strategic consultant for a significant number of companies.



A H Evans **Director**

Alan Evans was appointed to the Board of Citywide on 1 March 2007 and is a member of the Finance & Operations Committee and the Remuneration Committee. He is 63 years of age, has a B.Ec/LLB and is a Chartered Engineer.

Alan recently retired from the position of President and Chairman of the NRMA Board and the Australian Automobile Association and was formerly CEO of Medicines Australia. He has also held senior executive positions in federal and state governments including as Head of the Office of Regional Development, Executive General Manager of AusIndustry and Principal Adviser to the Federal Treasurer.

Other responsibilities include Managing Director of Strategic Consulting Services Pty Ltd; Chairman of Rally Australia; and Chairman of A1GP Australia Pty Ltd and Eco-Motive Australia Pty Ltd. Mr Evans also sits on the Strategic Advisory Board of the John Curtin School of Medical Research and is a member of the NSW Government's Road Freight Advisory Council. He has previously been the Chairman of Kingmill Pty Ltd (t/a Thrifty Australia) and Kistler Aerospace Australia Pty Ltd and a Director of Adventureworld Travel Pty Ltd



P S Lowe **Director**

Peter Lowe was appointed to the Board of Citywide on 23 January 2006 and is Chairman of the Audit and Risk Management Committee and a member of the Finance and Operations Committee of the Company. He is 56 years of age and holds a Bachelor of Commerce and a Master of Business Administration from the University of Melbourne. Peter is a fellow of CPA Australia and member of the Australian Institute of Company Directors.

Peter is currently a Director of Norfolk Group Ltd; Western Australia Network Holdings Pty Ltd; United Energy Distribution Holdings Pty Ltd; Multinet Group Holdings Pty Ltd; Snowy Hydro Ltd; Aurora Energy Pty Ltd and depressioNet.

Peter has had extensive experience at senior management level in all aspects of finance including Chief Financial Officer for both Australian and US public companies in the energy utility sector. He was also CEO for the Australasian operations of Aquila, formerly Utilicorp United Inc.



K F Osborne **Managing Director**

Kerry Osborne joined Citywide as CEO on 1 January 2001 and was appointed Managing Director on 20 December 2002. He is 52 years of age. Kerry is Chairman of the New Zealand Victoria Business Group (NZVBG) and is a Fellow of the Australian Institute of Company Directors. He is also a member of the Planning & Development Committee for the Shrine of Remembrance in Melbourne.

Kerry has held a number of senior positions in the construction and maintenance industries in both Australia and New Zealand including Chief Executive of Eastworks (NZ based roading and municipal services company), Australian General Manager for Manukau Works and Australian General Manager of Excell Corporation. Past responsibilities include Chairman of Gisborne Youth Sports Trust, Director of Gisborne Rotary Club and Director of Micromet Victoria Pty Ltd.

Directors' Report

Directors

The Directors of the Company for the whole of the financial year and up to the date of this report are:

- J L (Lyn) Davies (Chairman)
- G E (Barry) McGuinness
- Peter S Lowe
- Alan H Evans
- Kerry F Osborne

Principal activities of the company

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

Trading results

The Company's profit from ordinary activities before income tax equivalents for the year was \$8,053,000 (2008 \$9,756,000).

The Company's net profit for the year was \$5,789,000 (2008 \$6,800,000) after deducting income tax equivalents of \$2,264,000 (2008 \$2,956,000).

The Company has a liability for all normal tax obligations, either by virtue of the tax equivalents regime or direct to the relevant taxing authorities.

Dividends

The Directors of the Company have declared a dividend of 12.85 cents (2008 14.45 cents) per Ordinary Share for the year ended 30 June 2009.

The total dividends in respect of the current year are as follows:

	2009 \$'000	2008 \$'000
Declared Interim dividend of 12.85 cents (2008 14.45 cents) per fully paid Ordinary Share	2,366	2,660
Final Dividend	-	-
TOTAL	2,366	2,660

Review and results of operations

The Company's revenue from ordinary activities for the year was \$158,321,000 (2008 \$154,681,000). A review of the operations and results of the company are set out elsewhere in this annual report.

Significant changes in the state of affairs

After a review of the operations of the business the decision was made to divest the Rex Road asphalt plant and the Blacktop businesses. In relation to these businesses the following were included in the annual results:

One off divestment costs*	\$0.9m
Trading losses	\$1.6m
Total in relation to divested businesses	\$2.5m

* Including goodwill write off, loss on sale of assets and other separation costs.

These costs will not be incurred by the business into the future.

Likely developments in the state of affairs

The Company is continuously investigating opportunities to expand and grow its business. The Company has a strategic planning process that will underpin the corporate strategy going forward.

Further information about likely developments in the operations of the entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the entity.

Directors' benefits

No Director of the Company has received since the end of the previous financial year or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors shown in the financial report) by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which the director is a member, or with an entity in which the Director has a substantial financial interest.

Corporate governance

The Board recognises the need for the highest standards of corporate behaviour and accountability in order to fulfil its responsibilities to the Company's stakeholders who include its shareholder, customers, suppliers, employees, the community and the environment.

In keeping with this responsibility, the Company has established a Code of Governance Practices to ensure the Board is well equipped to discharge its responsibilities. This code covers amongst other things the function, composition, nomination, performance and remuneration processes of Directors, together with the reporting obligations of the Company, and requires the Chairman to review the individual performance of each of the Directors.

The Board consists of five Directors, four independent non-executive Directors, including the Chairman, and an executive Managing Director. A significant majority of the Board are independent non-executive Directors and consist of Directors who bring a balance of skills, experience and diversity to assist the Company to meet its strategic objectives. Non-executive Directors meet periodically, in line with better governance, without the Managing Director or other management present. In accordance with the Company's Constitution one third of the Directors must retire each year, however if eligible, may offer themselves for re-election.

Directors' Report

The Board is fully involved in setting the strategic direction of the Company, as well as reviewing the current performance on a monthly basis, with the overall vision to achieve growth in the performance of Citywide.

As part of this process the Board has three committees, Finance and Operations, Remuneration, and Audit and Risk Management. These committees have their own written charter setting out the role, the responsibilities and the manner in which the committee is to operate. Each is comprised entirely of non-executive Directors who provide support to the full Board by giving a professional and skilled focus in each of the three areas. All matters determined by committees are submitted to the full Board as recommendations for Board decision. The Managing Director is an ex-officio member of all Board Committees. The Chief Financial Officer is an ex-officio member of the Finance and Operations Committee and the Audit and Risk Committee. The Group Manager Risk is an ex-officio member of the Audit and Risk Committee.

The Board has agreed policies and procedures in the event that actual or potential conflicts arise between the interests of a Director and those of the Company. Generally this means that the Director will disclose their interest and, if appropriate, will not take part in, and may in some instances absent themselves during, any discussions and not vote on that matter.

Directors and Board Committee members have the right, in connection with their duties and responsibilities to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman of the Board, which will not be unreasonably withheld. Any information so obtained must be shared with all Directors if appropriate.

Under Citywide governance protocols the independent external auditor does not provide any other services to the Company. In addition to the statutory audit, the company also has a comprehensive internal audit program, which it out-sources, and an external safety and quality audit regime.

Governance is a major area of Board responsibility and consumes considerable time of all Directors. In addition the Board is kept fully informed on issues in the following areas: environmental matters,

occupational health and safety, legal compliance, finance, treasury and corporate matters, and sets policy in these and other areas of the business activity.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

Directors meetings

The number of Directors meetings and meetings of committees of Directors held in the period each Director held office during the financial year ended 30 June 2009 and the number of meetings attended by each Director are set out below:

Director	Board of Directors		Audit & Risk Management Committee		Remuneration Committee		Finance & Operations Committee	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
J L Davies	14	13	4	3	2	2	-	-
G E McGuinness	14	14	4	4	2	2	3	3
P S Lowe	14	13	4	4	2	2	3	3
A H Evans	14	14	-	-	2	2	3	3
K F Osborne	14	14	4	4	2	1	3	3

In addition to these, a significant number of informal meetings are held between Directors and senior management as required.

Indemnification and insurance of Officers and Directors

During the financial year the Company continued with previously disclosed agreements to indemnify all Directors of the Company named in this report and current and former executive officers of the Company against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a Director or Executive Officer, unless the liability relates to conduct involving a lack of good faith. This policy also covers Directors and officers in the performance of their duties as Directors or officers of associated companies. The Company has agreed to indemnify the Directors and Executive Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

In consideration of each of the Directors acting as both a Director and Officer of the Company, the Company has agreed to indemnify the Directors in accordance with Sections 241 (2) and (3) of the Corporations Act 2001 and this continues for a period of seven years from the date from which the director ceases to be an Officer of the Company.

The Directors and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

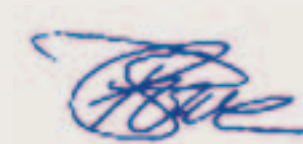
Auditor's independence declaration

The Auditor's independence declaration is included on page 57 of the 2009 Annual Report.

This report is made in accordance with a resolution of the Directors:



J L Davies | Chairman



P S Lowe | Director

Melbourne, 10 August 2009

Income Statement for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Income from continuing operations			
Services		151,917	154,681
Cost of sales		(18,384)	(19,135)
Gross profit		133,533	135,546
Other income		5	59
Expenses from continuing operations			
Employee benefits expenses		51,226	48,153
Contractor costs		40,566	44,843
Fleet costs		18,279	16,583
Finance costs		678	748
Other expenses		12,195	15,609
Expenses from continuing operations		122,944	125,936
Net gain / (loss) on disposal of non-current assets		(58)	87
Profit from continuing operations		10,536	9,756
Income from discontinued operations			
Expenses from discontinued operations		7,990	0
Goodwill write off and other one off separation costs from discontinued operations		657	0
Net gain / (loss) on disposal of non-current assets		(240)	0
Loss from discontinued operations		(2,483)	0
Profit before income tax equivalents	2	8,053	9,756
Income tax equivalents expense	1 & 3	2,264	2,956
Profit for the year		5,789	6,800

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2009

		2009	2008
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	15	17
Trade and other receivables	5	23,394	29,767
Inventories	6	382	497
Prepayments	7	438	333
Other current assets	8	1,156	1,301
Total current assets		25,385	31,915
Non-current assets			
Property, plant and equipment	9	51,812	51,809
Deferred income tax equivalent assets	10	2,993	2,798
Intangible assets	11	9,852	9,231
Total non-current assets		64,657	63,838
TOTAL ASSETS		90,042	95,753
LIABILITIES			
Current liabilities			
Trade and other payables	12	20,274	26,751
Current tax liabilities	13	1,658	889
Provisions	14	7,109	6,318
Interest-bearing loans and borrowings	15	47	111
Unearned income	1	797	1,507
Total current liabilities		29,885	35,576

		2009	2008
	Notes	\$'000	\$'000
Non-current liabilities			
Deferred income tax equivalent liabilities	16	3,880	3,967
Provisions	14	1,001	890
Interest-bearing loans and borrowings	15	9,054	12,521
Total non-current liabilities		13,935	17,378
TOTAL LIABILITIES		43,820	52,954
NET ASSETS		46,222	42,799
EQUITY			
Contributed equity	17	18,406	18,406
Retained profit	18	23,907	20,484
Reserves	18	3,909	3,909
TOTAL EQUITY		46,222	42,799

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2009

	\$'000	\$'000	\$'000	\$'000
	Issued capital	Retained earnings	Asset revenue reserve	Total
BALANCE AT 1 JULY 2007	18,406	16,344	3,909	38,659
Profit for the year	0	6,800	0	6,800
Total recognised income and expenses for the year	0	6,800	0	6,800
Equity dividends	0	(2,660)	0	(2,660)
BALANCE AT 30 JUNE 2008	18,406	20,484	3,909	42,799
Profit for the year	0	5,789	0	5,789
Total recognised income and expenses for the year	0	5,789	0	5,789
Equity dividends	0	(2,366)	0	(2,366)
BALANCE AT 30 JUNE 2009	18,406	23,907	3,909	46,222

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		165,421	151,790
Payments to suppliers (inclusive of GST)		(97,868)	(95,214)
Payments to employees		(47,074)	(42,467)
Interest paid		(678)	(748)
Interest received		5	59
Income tax equivalents paid		(1,776)	(3,491)
Net cash provided by operating activities	23	18,030	9,929
Cash flows from investing activities			
Acquisition of business		(1,138)	0
Proceeds from sale of property, plant and equipment		1,183	892
Purchase of property, plant and equipment		(11,887)	(14,751)
Net cash flows used in investing activities		(11,842)	(13,859)
Cash flows from financing activities			
Proceeds from borrowings		(3,100)	1,200
Repayment of borrowings		(111)	(61)
Dividends paid to Company Shareholders		(2,660)	(2,492)
Net cash flows from/(used in) financing activities		(5,871)	(1,353)
Net (decrease) increase in cash and cash equivalents		317	(5,283)
Cash and cash equivalents at beginning of year		(1,856)	3,427
Cash and cash equivalents at end of year	23	(1,539)	(1,856)

The above statement of cash flow should be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2009

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Summary of significant accounting policies

Basis of preparation

The financial report of Citywide Service Solutions Pty Ltd (the Company), constitutes a general purpose financial report prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

Historical cost convention

The financial report has been prepared on the basis of historical cost and therefore does not reflect changes in the purchasing power of money or current valuations of non-monetary assets, except where indicated.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Accounting estimates are made in the recognition of revenue and costs associated with services and other contracts performed by the Company. Revenue recognition is applied as stated under the revenue recognition statement set out below.

Revenue recognition

In accordance with Accounting Standard AASB 118: "Revenue", the Company recognises revenue arising from service contracts by reference to the stage of completion of the contract, unless the outcome of the contract cannot be reliably estimated. The Company determines the stage of completion 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 can not 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.

Revenue from work performed other than under a service contract is recognised when the services have been provided.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Inventories

Stores and raw materials are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average cost method. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw Materials - purchase cost on a weighted average cost basis. The cost of purchase comprises the purchase price including taxes (other than those subsequently recoverable by the entity from the taxing authorities) transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows and outflows arising from its continued use and subsequent disposal. These net cash flows are discounted to their present values.

At each reporting date, the Company 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, recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and the

Notes to the financial statements for the year ended 30 June 2009

value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus incidental costs directly attributable to the acquisition.

Where an entity or operation is acquired and the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the difference, representing the discount on acquisition, is accounted for by reducing proportionately the fair values of the non monetary assets acquired. Where after reducing to zero the recorded amounts of the non monetary assets acquired, a discount balance remains it is recognised as revenue in the Income Statement.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the fair value of the Company's interest in the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is recognised as an intangible asset.

Goodwill is not amortised, instead it is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and is carried at cost less accumulated impairment losses, as per AASB 3: "Business Combinations".

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined

for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Goodwill has been reviewed for impairment for the year ending 30 June 2009. An impairment loss has been recognised in relation to the Blacktop business that was shut down.

Property, plant & equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised on the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit and loss as incurred.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuers, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Land	not depreciated
Buildings - portables	5-10 years
Buildings - other	40 years
Plant and Equipment	1-10 years
Motor Vehicles	3-10 years

Notes to the financial statements for the year ended 30 June 2009

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. The life of the Assets are unchanged from the prior year.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Leasehold improvements

The cost of improvements to or on leasehold properties is depreciated over the unexpired period of the lease or the estimated useful life of the improvement to the Company, whichever is the shorter. The ranges of expected useful lives to the Company are unchanged from last year with the majority of these assets being depreciated over 5 years.

Maintenance and repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

Trade receivables

All receivables are recognised at the amounts receivable as they are due for settlement, no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

Trade and other payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave, long service leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date, are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled, plus related on costs in respect of employees' services up to that date.

All employee benefit liabilities not anticipated to be paid within twelve months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions to defined benefit and other employee superannuation plans are charged as an expense as the contributions are paid or become payable.

The cost of providing superannuation under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Actuarial gains and losses are recognised immediately as income or expense in the income statement.

Tax equivalent regime

The Company is exempt from income tax under Section 50-25 of the Income Tax Assessment Act 1997, due to the Company being 100% owned by the Melbourne City Council, a local government authority.

The Company is subject to paying charges (tax equivalents) to the Melbourne City Council equal to the amount of income tax otherwise payable under the Income Tax Assessment Act 1997.

Notes to the financial statements for the year ended 30 June 2009

Tax effect accounting is applied using the liability method, whereby the income tax expense for the year is based on the accounting profit after allowing for permanent differences.

The deferred income tax assets and liabilities represent the net cumulative effect of items of income and expense that have been brought to account for tax and accounting purposes in different years. Future income tax benefits pertaining to timing differences have only been brought to account where the benefits are expected to be realised beyond reasonable doubt.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Leased assets

Operating lease payments are charged as an expense over the period of the lease term, as this represents the pattern of benefits derived from the leased assets.

Early adoption of standards

Citywide has early adopted the following accounting standards for the year ended 30 June 2009:

- AASB 8 - Operating Segments
- AASB 2007 -3 - Amendments to Australian Accounting Standards arising from AASB 8

Rounding of accounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the financial statements for the year ended 30 June 2009

2 Profit from continuing operations

	2009 \$'000	2008 \$'000
a) Operating profit before income tax equivalents has been determined after:		
Operating revenue		
Profit on sale of non-current assets:		
Property, plant & equipment	214	216
Expenses		
Depreciation:		
Buildings	197	194
Plant & equipment	2,370	1,747
Motor vehicles	5,905	4,997
Leasehold improvements	129	105
Provision for:		
Employee benefits	4,223	3,833
Doubtful debts – Trade debtors	(158)	190
Bad debts	13	67
Contributions to employee superannuation funds	3,279	2,828
Rental expense on operating leases	2,118	3,021
Rental expense on licence agreements	258	223
Loss on sale of non-current assets:		
Property, plant & equipment	512	129
Goodwill amortisation	517	0
Employee separation costs	322	103

b) Directors' remuneration

	2009 \$'000	2008 \$'000
Income received or due and receivable by Directors of the Company from the Company	934	862

The number of Directors of the Company included in these income figures are shown below in their relevant income bands:

Income of	Number	Number
\$60,000 to \$69,999	0	1
\$70,000 to \$79,999	1	0
\$80,000 to \$89,999	1	2
\$90,000 to \$99,999	1	0
\$100,000 to \$109,999	0	1
\$120,000 to \$129,999	1	0
\$515,000 to \$524,999	0	1
\$545,000 to \$554,999	1	0
	5	5

No retirement benefits were paid on behalf of Directors during the current financial year or in the prior year.

Directors' fees are reviewed annually using independent surveys to ensure that they are in line with current business standards.

c) Auditor's remuneration

Amounts received, or due and receivable by the external auditors for:		
Auditing the financial report	65	55
Amounts received, or due and receivable by the internal auditors		
	128	137

Notes to the financial statements for the year ended 30 June 2009

3 Income tax equivalents

	2009	2008
	\$'000	\$'000
The Income tax equivalents on the profit from continuing operations differ from the amount of prima facie payable on that profit as follows:		
Prima facie income tax equivalents on the profit from continuing operations at 30% (2008 30%)	(2,416)	(2,903)
Increase tax equivalents payable due to:		
Non deductible expenses	(204)	(53)
Other	356	0
Income tax equivalents attributed to operating profit	(2,264)	(2,956)
Income tax equivalents attributable to operating profit comprise:		
Current tax provision	(2,546)	(2,671)
Deferred income tax liability	87	(276)
Deferred income tax asset	195	(9)
	(2,264)	(2,956)

4 Current assets - cash and cash equivalents

Cash at bank and on hand	15	17
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Cash at bank are bearing floating interest rates between 2.77% and 7.17% (2008 5.99% and 7.36%).

5 Current assets - trade and other receivables

	2009	2008
	\$'000	\$'000
Trade receivables	12,511	17,436
Less: Provision for impairment of receivables	(219)	(376)
	12,292	17,060
Amounts owing from parent entity	9,460	10,401
Other debtors	1,642	2,306
	23,394	29,767

6 Current assets - inventories

Stores and raw materials (at cost)	235	352
Finished goods (at cost)	147	145
	382	497

7 Current assets - prepayments

Prepayments	438	333
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8 Current assets - other

Accrued income – unbilled services	1,156	1,301
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Notes to the financial statements for the year ended 30 June 2009

9 Non-current assets - property, plant and equipment

	2009	2008
	\$'000	\$'000
Land at valuation (2007)	12,196	12,196
Buildings (at cost)	4,214	3,390
Less accumulated depreciation	(965)	(846)
	3,249	2,544
Leasehold improvements (at cost)	1,084	900
Less accumulated depreciation	(708)	(584)
	376	316

	2009	2008
	\$'000	\$'000
Plant and equipment (at cost)	20,542	22,052
Less accumulated depreciation	(12,387)	(11,133)
	8,155	10,919
Motor vehicles (at cost)	50,607	44,813
Less accumulated depreciation	(22,885)	(19,130)
	27,722	25,683
Work in progress	114	151
Total property, plant and equipment	51,812	51,809

	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2009							
Carrying value at start of year	12,196	2,544	316	10,919	25,683	151	51,809
Asset revaluation	0	0	0	0	0	0	0
Additions	0	1,033	197	1,344	9,367	0	11,941
Acquisitions	0	0	0	0	0	0	0
Disposals / transfers	0	(131)	(8)	(1,738)	(1,423)	(37)	(3,337)
Depreciation	0	(197)	(129)	(2,370)	(5,905)	0	(8,601)
Carrying value at year end	12,196	3,249	376	8,155	27,722	114	51,812

Notes to the financial statements for the year ended 30 June 2009

10 Non-current assets - deferred income tax equivalent assets

	2009	2008
	\$'000	\$'000
Deferred income tax equivalent asset	2,993	2,798

11 Non-current assets – intangible assets

Goodwill on acquisition	9,852	9,231
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Goodwill has been reviewed for impairment for the year ending 30 June 2009. An impairment loss has been recognised in relation to the Blacktop business that was shut down.

12 Current liabilities - trade and other payables

Trade payables	3,876	3,821
Accrued expenses	13,822	19,497
Payroll tax	186	181
Amount owing to parent entity	2,390	3,252
	20,274	26,751

Trade accounts payable are generally settled within 30 days. The Directors consider the carrying amounts of trade and other accounts payable approximate their net fair values.

13 Current liabilities - income tax equivalent payable

	2009	2008
	\$'000	\$'000
Current tax liabilities	1,658	889

14 Employee benefits

Current		
All annual leave and LSL entitlements representing 7+ years of continuous service		
- Short-term employee benefits, that fall within 12 months after the end of the period measured at nominal value	3,921	3,832
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	3,188	2,486
	7,109	6,318
Non-current		
LSL representing less than 7 years of continuous service measured at present value	1,001	890

Notes to the financial statements for the year ended 30 June 2009

15 Current / non-current interest-bearing borrowings

	2009 \$'000	2008 \$'000
Current		
Ultimate parent entity – City of Melbourne	47	111
Non-Current		
Ultimate parent entity – City of Melbourne	0	47
Bill acceptance and discount facility unsecured \$22.1m facility and overdraft. (2008 \$22.1m)	9,054	12,474
	9,054	12,521

Terms and conditions

Interest bearing loans and borrowings

Bank overdraft and bill acceptance and discount facility

The bank overdraft \$0.6m (2008 \$0.6m) and bill acceptance and discount facilities \$22.1m (2008 \$22.1m) are unsecured facilities. The bank facilities may be drawn at any time and may be terminated by the bank subject to default under the loan agreement. Subject to the continuance of satisfactory covenant achievement, the bank facilities may be drawn at any time. The facilities expire on the 28 September 2010.

16 Non-current liabilities

- deferred income tax equivalent liabilities

	2009 \$'000	2008 \$'000
Provision for deferred income tax equivalent liability	3,880	3,967

17 Contributed equity

	2009 \$'000	2008 \$'000
Share capital		
500,000,000 ordinary shares of \$1 each	500,000	500,000
Issued share capital		
18,405,629 ordinary shares of \$1 each	18,406	18,406

Movement in share capital

	2009		2008	
Fully paid ordinary shares	Number	\$'000	Number	\$'000
Balance at start of year	18,405,629	18,406	18,405,629	18,406
Shares issued				
Balance at end of year	18,405,629	18,406	18,405,629	18,406

Notes to the financial statements for the year ended 30 June 2009

18 Retained earnings and reserves

	2009	2008
	\$'000	\$'000
Retained profits at the beginning of the financial year	20,484	16,344
Net profit attributable to members of the company	5,789	6,800
Total available for appropriation	26,273	23,144
Dividends provided for or paid	(2,366)	(2,660)
Retained profits at the end of the financial year	23,907	20,484
Other Reserves		
Revaluation of land & buildings	3,909	3,909

18A Dividends provided for or paid

The Company Board have declared a Dividend of \$2,366,000 (2008 \$2,660,000).

19 Commitments for expenditure

	2009	2008
	\$'000	\$'000
Capital expenditure commitments		
Total capital expenditure contracted for at balance date but not recognised as liabilities in the financial report:		
Payable within one year	3,835	2,250
Payable later than one year, not later than five years	0	0
Payable later than five years	0	0
	3,835	2,250

Non-cancellable operating leases payable

Non-cancellable operating lease commitments contracted for but not recognised in the financial report:

Payable within one year	1,610	1,370
Payable later than one year, not later than five years	2,698	1,106
Payable later than five years	2,979	0
	7,288	2,475

The Company has entered into non-cancellable operating leases in respect to administrative premises and various items of plant and fleet.

Non-cancellable operating leases receivable

Non-cancellable operating lease receivable contracted for but not recognised in the financial report:

Receivable within one year	50	0
Receivable later than one year, not later than five years	198	0
Receivable later than five years	0	0
	248	0

The Company has entered into non-cancellable operating leases in respect to business premises.

Notes to the financial statements for the year ended 30 June 2009

20 Employee benefits

Superannuation

Citywide Service Solutions Pty Ltd contributes in respect of its employees to the following subplans of the Local Authorities Superannuation Fund:

- the City of Melbourne subplan,
- the Defined Benefits Scheme subplan, and
- the Super Saver subplan.

The City of Melbourne subplan comprises members of the former City of Melbourne Superannuation Fund. The City of Melbourne Superannuation Fund was closed to new members on 23 December 1993 and on 31 October 1995 all members of this fund were transferred to the Local Authorities Superannuation Fund. The City of Melbourne subplan is a defined benefits superannuation plan and contributions are determined by the fund actuary. The employer rate is currently 4.0% (2008 4.0%). In addition, employees make member contributions to the subplan. As such, assets accumulate in this subplan to meet members' benefits as they accrue. A full actuarial assessment of the subplan was conducted by the Fund's actuary as at 31 December 2008.

The actuarial investigation concluded that although the net market value of assets was in excess of accrued benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. The Actuary will undertake the next actuarial investigation at 30 June 2010 to ascertain if additional contributions are required.

Details of Citywide Service Solutions Pty Ltd's share of the accrued benefits, estimated surplus, plan assets and vested benefits of the City of Melbourne subplan at 30 June 2008 have not been advised by Local Authorities Super Pty Ltd (Fund Trustee) to the Directors of Citywide Service Solutions Pty Ltd. This information is therefore not disclosed.

Citywide Service Solutions Pty Ltd also contributes to the Local Authorities Superannuation Fund Defined Benefits Scheme subplan for two of its employees. The Defined Benefits Scheme subplan was closed to new members on 31 December 1993.

Citywide Service Solutions Pty Ltd makes contributions to the Defined Benefits Scheme subplan in accordance with the rates determined by the trustee on the advice of the fund's actuary. The rate is currently 9.25% (2008 9.25%). In addition, employees make member contributions to the subplan. As such, assets accumulate in this subplan to meet members' benefits as they accrue. A full actuarial assessment of the subplan was conducted by the Fund's Actuary as at 31 December 2008.

The actuarial investigation concluded that although the net market value of assets was in excess of accrued benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. The actuary will undertake the next actuarial investigation at 30 June 2010 to ascertain if additional contributions are required.

Details of Citywide Service Solutions Pty Ltd's share of the accrued benefits, estimated surplus, plan assets and vested benefits of the Defined Benefits Scheme subplan at 30 June 2008 have not been advised by Local Authorities Super Pty Ltd (Fund Trustee) to the Directors of Citywide Service Solutions Pty Ltd. This information is therefore not disclosed.

Citywide Service Solutions Pty Ltd contributes to complying accumulation superannuation funds. These funds receive both employer and employee contributions on a progressive basis. No further liability accrues to Citywide Service Solutions Pty Ltd as the superannuation benefits accruing to employees in the funds are represented by their share of the assets of the fund.

The amount of superannuation contributions paid by Citywide Service Solutions Pty Ltd during the year was \$3,279,000 (2008 \$2,828,000).

Notes to the financial statements for the year ended 30 June 2009

21 Contingent liabilities

Details of contingent liabilities of the Company at year end are:

Guarantees issued by the Bank in respect of contracts secured of \$7,547,325 (2008 \$7,270,411).

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

22 Related party information

Controlling entity

The immediate parent entity and ultimate parent entity is the Melbourne City Council (100% of shares held).

Directors and Director – Related Entities

The Directors named in the attached Directors report each held office as a Director of the Company during the year ended 30 June 2009.

Refer to Note 2 for the details of the Directors remuneration during the financial year.

Related party transactions

Transactions with the parent entity during the financial year comprised vehicle rental services, provision of administration services, property rental, contract sales, purchases of raw materials and plant and equipment and in accordance with the Tax Equivalent Policy, the payment of charges (tax equivalents) which includes income tax and payroll tax.

Mr Barry McGuiness engages Grant Thornton for his personal tax affairs. During the year Citywide periodically engaged the services of this firm. When these appointments arose, Mr Barry McGuiness declared a potential conflict of interest and did not participate in the discussion or vote on the matter. The Managing Director uses this firm's services in respect to his personal affairs.

The above transactions were made on commercial terms and conditions and at market rates except where indicated.

Amounts receivable and payable

Amounts receivable from and payable to the controlling entity are disclosed in Notes 5 and 12 to the financial report.

Intercompany revenue and expenditure

Revenue transactions with the parent entity amounted to \$47,151,769 during the financial year (2008 \$44,387,580).

Expenditure transactions with the parent entity amounted to \$375,000 during the financial year (2008 \$375,000).

Economic dependency

The Company conducts a significant volume of business with the Melbourne City Council.

Notes to the financial statements for the year ended 30 June 2009

23 Cash flow information

Reconciliation of cash

Cash assets at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	2009	2008
	\$'000	\$'000
Cash (Including overdraft)	(1,539)	(1,856)

Non-cash financing and investing activities

The Company has in place an unused credit facility of \$10,000,000 from its parent entity. At 30 June 2009 \$47,000 (June 2008, \$158,000) had been utilised.

Bill Facility

The Company has an unsecured bill facility with Westpac for \$22,100,000 (2008 \$22,100,000)

Overdraft

The Company has an unsecured overdraft facility with Westpac for \$600,000, (2008 \$600,000).

Reconciliation of net cash provided by operating activities to net profit after income tax equivalents

	2009	2008
	\$'000	\$'000
Net profit after income tax equivalents	5,789	6,800
Net (gain) / loss on disposal of non-current assets	298	(104)
Depreciation / amortisation of non-current assets	8,601	7,043
Changes in operating assets and liabilities		
Increase / (Decrease) in amortisation of goodwill	517	0
Increase / (Decrease) in current tax equivalents liability	769	(788)
(Increase) / Decrease in deferred tax equivalent assets	(195)	9
Increase / (Decrease) in deferred tax equivalent liabilities	(87)	276
Increase / (Decrease) in provision for doubtful debts	(157)	190
(Increase) / Decrease in trade and other debtors	7,692	(6,478)
(Increase) / Decrease in accrued income	(156)	1,619
(Increase) / Decrease in prepayments	(105)	(26)
(Increase) / Decrease in inventories	115	(36)
(Increase) / Decrease in amounts owing by parent entity	941	(3,076)
Increase / (Decrease) in trade creditors	55	(666)
Increase / (Decrease) in accrued expenses	(5,671)	4,619
Increase / (Decrease) in unearned income	(710)	(588)
Increase / (Decrease) in amounts owing to parent entity	(568)	534
Increase / (Decrease) in employee benefits	902	601
Net cash provided by operating activities	18,030	9,929

Notes to the financial statements for the year ended 30 June 2009

24 Financial instruments

Credit risk exposures

The credit risk on financial assets of the Company, other than investments in shares, is generally the carrying amount net of any provisions for doubtful debts.

Debtors risk is managed by ongoing following up on debts as they fall due.

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out below. This exposure is managed by the type of borrowings we use as per Note 15.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

	Notes	\$'000 Floating interest rate	\$'000 Non-interest bearing	\$'000 Total
2009				
Financial assets				
Cash and cash equivalents	4	15	0	15
Trade receivables	5	0	23,394	23,394
		15	23,394	23,409
Weighted average interest rate		4.47%		
Financial liabilities				
Trade payables	12	0	20,274	20,274
Interest bearing borrowings	15	9,101	0	9,101
		9,101	20,274	29,375
Weighted average interest rate		4.81%		
Net financial assets		(9,086)	3,120	(5,966)

Notes to the financial statements for the year ended 30 June 2009

	Notes	\$'000 Floating interest rate	\$'000 Non-interest bearing	\$'000 Total
2008				
Financial assets				
Cash and cash equivalents	4	17	0	17
Trade receivables	5	0	29,767	29,767
		17	29,767	29,784
Weighted average interest rate		6.68%		
Financial liabilities				
Trade payables	12	0	26,751	26,751
Interest bearing borrowings	15	12,632	0	12,632
		12,632	26,751	39,383
Weighted average interest rate		7.12%		
Net financial assets		(12,615)	3,016	(9,599)

Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2009		2008	
	\$'000 Carrying amount	\$'000 Net fair value	\$'000 Carrying amount	\$'000 Net fair value
Recorded financial instruments				
Financial assets				
Receivables	23,394	23,394	29,767	29,767
Cash assets	15	15	17	17
	23,409	23,409	29,784	29,784
Financial liabilities				
Payables	20,274	20,274	26,751	26,751
Interest bearing liabilities	9,101	9,101	12,632	12,632
	29,375	29,375	39,383	39,383

Notes to the financial statements for the year ended 30 June 2009

Aging of trade receivables

	2009	2008
	\$'000	\$'000
Current (not yet due)	20,069	24,558
Past due by up to 30 days	1,315	1,993
Past due between 31 and 180 days	540	1,076
Past due between 181 and 365 days	47	210
Past due by more than 1 year	0	0
	21,971	27,837

Interest rate sensitivity analysis

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

Net profit would increase by \$70 thousand and decrease by \$70 thousand (2008: increase by \$53 thousand and decrease by \$53 thousand).

This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

25 Events occurring after reporting date

There were no material post balance sheet events occurring after the reporting date requiring disclosure in this financial report.

Directors' declaration

The Directors declare that the financial report:

- a complies with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- b gives a true and fair view of the Company's financial position as at 30 June 2009 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors opinion:

- a the financial report is in accordance with the Corporations Act 2001; and
- b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



J L Davies | Chairman



P S Lowe | Director

Melbourne, 10 August 2009

INDEPENDENT AUDITOR'S REPORT

To the Members of Citywide Service Solutions Pty Ltd

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Citywide Service Solutions Pty Ltd which comprises income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the directors declaration has been audited.

The Directors' Responsibility for the Financial Report

The Directors of the Citywide Service Solutions Pty Ltd are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the Corporations Act 2001. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the Corporations Act 2001 and Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Citywide Service Solutions Pty Ltd for the year ended 30 June 2009. The Directors of the company are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. 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 the company's website.

Independence

The Auditor-General's independence is established by the Constitution Act 1975. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the Corporations Act 2001. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

Auditor's Opinion

In my opinion, the financial report of Citywide Service Solutions Pty Ltd is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company's financial position as at 30 June 2009 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

MELBOURNE
10 August 2009


F O R Pearson
Auditor-General



Citywide Traffic Management & Events is responsible for the safety and efficiency of many of Victoria's largest and most high profile events.



The 2009 Citywide Annual Report has been printed on 100% post consumer recycled stock.



CITYWIDE

shaping sustainable landscapes

Citywide Service Solutions Pty Ltd

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