Citywide Annual Report 2017

OUR PEOPLE AND OUR CUSTOMERS, AT THE HEART OF ALL WE DO

CITYWIDE
shaping liveable cities

shaping liveable cities

Oakhill College, NSW

One April morning ...

A dusting of dewdrops glisten in the early sunlight, as the groundsman rolls out on his first cut of the school's showpiece sports fields ...

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SCAN ME!

Download a QR code reader on your mobile device to view more content and videos throughout the report!

ALSO IN FOCUS ...

Cover: pedestrian footpath safety lights trial in City of Melbourne
Photo courtesy of the TAC

MESSAGE FROM THE CHAIRMAN

On behalf of the Board of Directors, I am delighted to present the 2017 Citywide Annual Report.

This year has seen the business record another strong result: $12,758,000, the second highest profit from ordinary activities before tax in the company's history.

This is a strong outcome for our shareholder, the City of Melbourne, and provides a solid financial foundation upon which the business can confidently pursue its growth objectives.

Following the new strategy and organisational restructure which the Board endorsed in 2016, this year the Citywide Group focused on embedding our Customer First philosophy to differentiate our service offering in the market.

We are privileged to serve many diverse customers and communities up and down Australia's eastern seaboard. Collectively, our services positively impact more than 12 million people every day; a figure that will increase as many metropolitan and regional areas of the country experience unprecedented population growth, creating even more demand for efficient civic amenity and infrastructure maintenance.

On behalf of my fellow Directors, our Executive Team and all employees of the company, I want to acknowledge our parent, the City of Melbourne Council, Lord Mayor Robert Doyle, the Councillors and senior management for their continuing support.

It is our privilege to continue collaborating with Council in service to the 4.5 million people who call Melbourne home, especially as the city has just retained its title of the world's most liveable city for the seventh consecutive year.

I also wish to acknowledge the leadership of our CEO Chris Campbell and his management team, who continue to steer the business to deliver our strategy in challenging market conditions.

Under their guidance, we have a dynamic, dedicated and highly capable team of 1,000 people working in a wide range of industrial operations across Victoria, NSW, the ACT and Queensland. This same team holds the key to building a sustainable growth business and gives my fellow Directors and I great optimism for the future and success of our company.

John Brumby
Chairman, Citywide Board

MESSAGE FROM THE CEO

As this year's cover headline notes, customers are at the heart of everything we do at Citywide. Indeed, Customer First is the philosophy under which we operate.

Equally, our people are also core to our business – continuing as they do to deliver outstanding service to all our customers and the community as a whole every day.

My Executive team and I were pleased to deliver improved productivity that has helped the company to record another profitable year, a significant increase on the previous year. This result reflects our refreshed business strategy underpinned by our strategic pillars of Culture, Productivity and Growth.

It is also evidence that the organisational restructure of 2016 was a necessary step in building a sustainable business for the future and is another great result for our shareholder, the City of Melbourne.

BUSINESS CHALLENGES
In line with the broader national economic picture, an increasingly competitive market and the ongoing effects of restrictive rate-capping on Council budgets, we continue to be challenged by the commercial realities of growing a profitable, sustainable business for the long term.

Another challenge to our Mission and Purpose of 'Shaping Liveable Cities' is the fast-growth and development of many of the cities and communities that we serve – but it is a challenge we are up to.

Despite the rapid expansion of major metropolitan areas and increasing pressure to deliver infrastructure and services, this is opportunity by another name. By virtue of how and where we operate every day across many diverse communities, we know what it takes to turn parks into paradise, to turn suburbs into communities, to shape liveable cities.

As always, safety remains a constant focus and a core part of our culture. This year, we recorded an improved LTIFR (Lost Time Injury Frequency Rate) and also a reduced Injury Severity index. While it was very heartening to see both metrics trending downwards, we do not assume to have achieved our ultimate goal of Zero Harm. Safety at Citywide is a continuing journey.

Looking to our future, I am confident we will continue to achieve our goals. We continue to nurture the right culture that underpins productivity and drives growth and we have the capable and passionate people to deliver on that strategy.

Chris Campbell
Chief Executive Officer

OUR STORY

CUSTOMERS ARE AT THE HEART OF EVERYTHING WE DO.

SO, TOO, ARE OUR PEOPLE.

Indeed, it is our people who define and live our values: We Care, Enduring Relationships, Accountability, Innovation and Excellence.

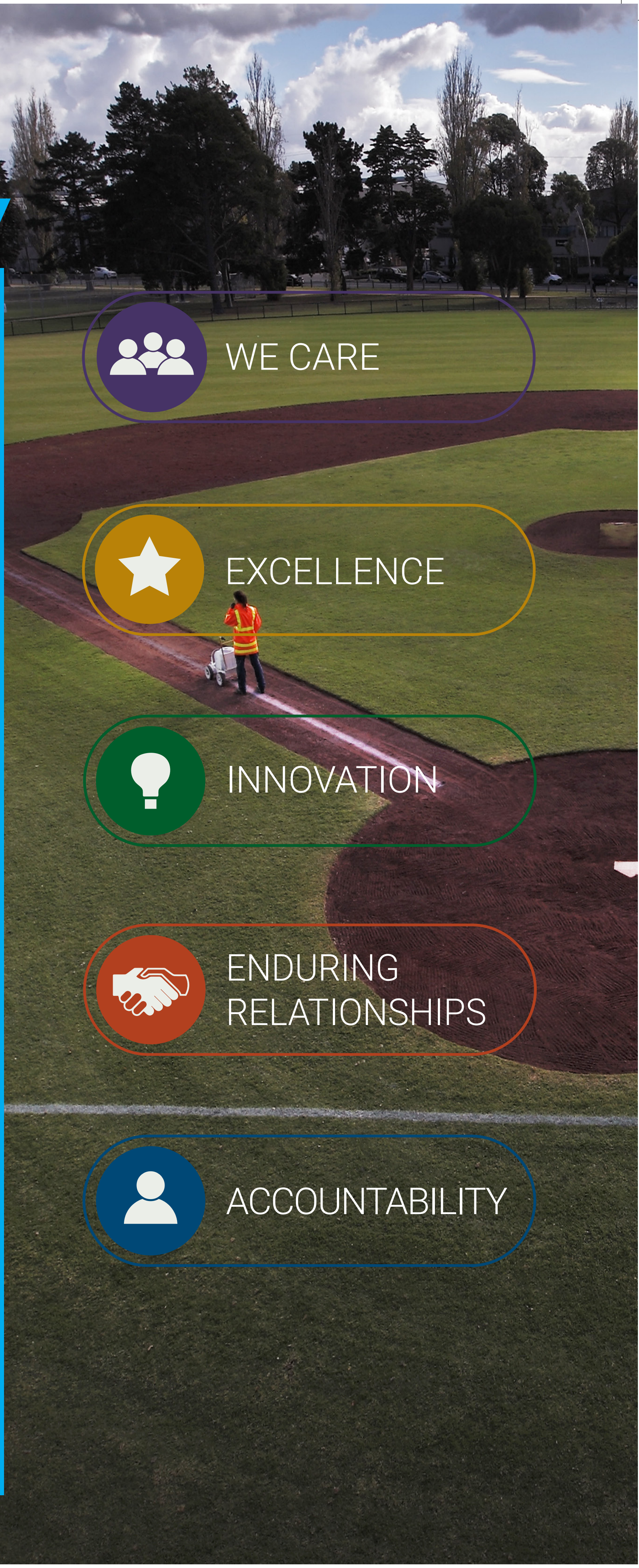
It may be a cliche but it is also a truism: People do business with people. And in the business of shaping liveable cities for the host communities in which we work and whom we serve, our customers and our employees define our very existence.

Our company was established in 1995 by the City of Melbourne Council, our sole shareholder and also our single largest customer, whom we continue to provide services across waste management, trees and open space maintenance and civil infrastructure.

For 22 years, we have also delivered services and products to other municipal and private customers; shaping suburbs and communities that are home to more than 12 million people up and down the eastern seaboard.

Today, we continue to face the growing challenge of managing the fast growth of our cities and their populations.

Along with increasing competition and a turbulent economy, it is a challenge that presents an enormous opportunity: to not only shape liveable cities and communities but also to shape the future, in collaboration with our customers and business partners.



WE CARE

EXCELLENCE

INNOVATION

ENDURING RELATIONSHIPS

ACCOUNTABILITY

SERVICE DELIVERY UNDERPINNED BY STRONG VALUES

Safety is paramount to Citywide - part of our DNA. This involves constant vigilance on the safety and wellbeing of all our teams in their work settings and, critically, the safety of every community member while we go about our work of shaping liveable cities. For us, this means safe liveable cities, with positive amenity.

Similarly, Accountability, Excellence, Innovation and Enduring Relationships underpin our holistic approach to customer service through the efficient delivery of our bundled services offerings.

For instance, the dedication, commitment and attention to detail of our Port Phillip crews attending year-round to North Port Oval in Port Melbourne: not just merely keeping the grass green and trimmed for sports stakeholders so much as curating and maintaining a vital community asset and piece of strategic infrastructure that also upholds the brand reputation of the City of Port Phillip.

To our customers, that is the essence of excellence and is nothing short of meeting and exceeding their expectations. As we look to the future, it is these values that will continue to shape our story, reinforce existing and forge new enduring relationships with our stakeholders and cement Citywide's standing as a partner of choice for building healthy, vibrant communities.

KICKING A GOAL IN FEVERISH FINALS FLURRY

When heavy winter rains saturated the **City of Port Phillip's** prized North Port Oval leaving it unplayable for the 2016 VFL Finals Series, state sports administrators came extremely close to pulling the pin in favour of a more accommodating ground.

Losing the entire finals series would have been a setback not just for Council and the local community but also Port Melbourne Football Club, a key stakeholder and much-loved VFL club.

So, barely three days out from a key finals fixture, our Port Melbourne-based open space and sports grounds maintenance team immediately marshalled all available resources to remediate the pitch, carrying out extensive drainage and soil compaction works, returning the oval to a professional playing grade.

It meant that our customer and their sports stakeholders retained the hosting rights, safeguarding one of their pinnacle events.

TEAM SPIRIT

Gary Bass | Keith Ogley
Dale Westcott | Gordon Ewan Walker
Larissa McPherson | Matt Sage
Paul Halliwell | Bryce Fitzgibbon
Ben Kirchert | Jeff Wheeler | Utai Boona

Port Melbourne crew member Dale Westcott puts the finishing touches to North Port Oval.
Photo: Tracey Allen, City of Port Phillip Operations Supervisor

NEIGHBOURHOOD PRIDE

Our Mission and Purpose of shaping liveable cities is not just doing the big ticket items and assets like showpiece parks and playgrounds. It's the equally important residential streetscapes and traffic treatments; the smaller but no less significant detail at the grassroots community level.

And it's having the right people in place; experts in their own field who through their work also nurture the right relationships with the community.

People like Julie Shepherd and Jessica Harrington, who as well as curating streetscape garden beds around the **City of Yarra** also cultivate their connections with, and trust among, local residents; fostering a greater sense of community cohesion and pride in their own neighbourhood.

"I would like to commend two of your employees who have been working in Amess Street, North Carlton. Today Jules and Jess were spraying and weeding and I was most impressed by Jules' species knowledge of non-indigenous weeds that were garden escapes and helpful suggestions for containing them. Thank you for having such a skilled work force."

Margaret Sawyer - North Carlton resident

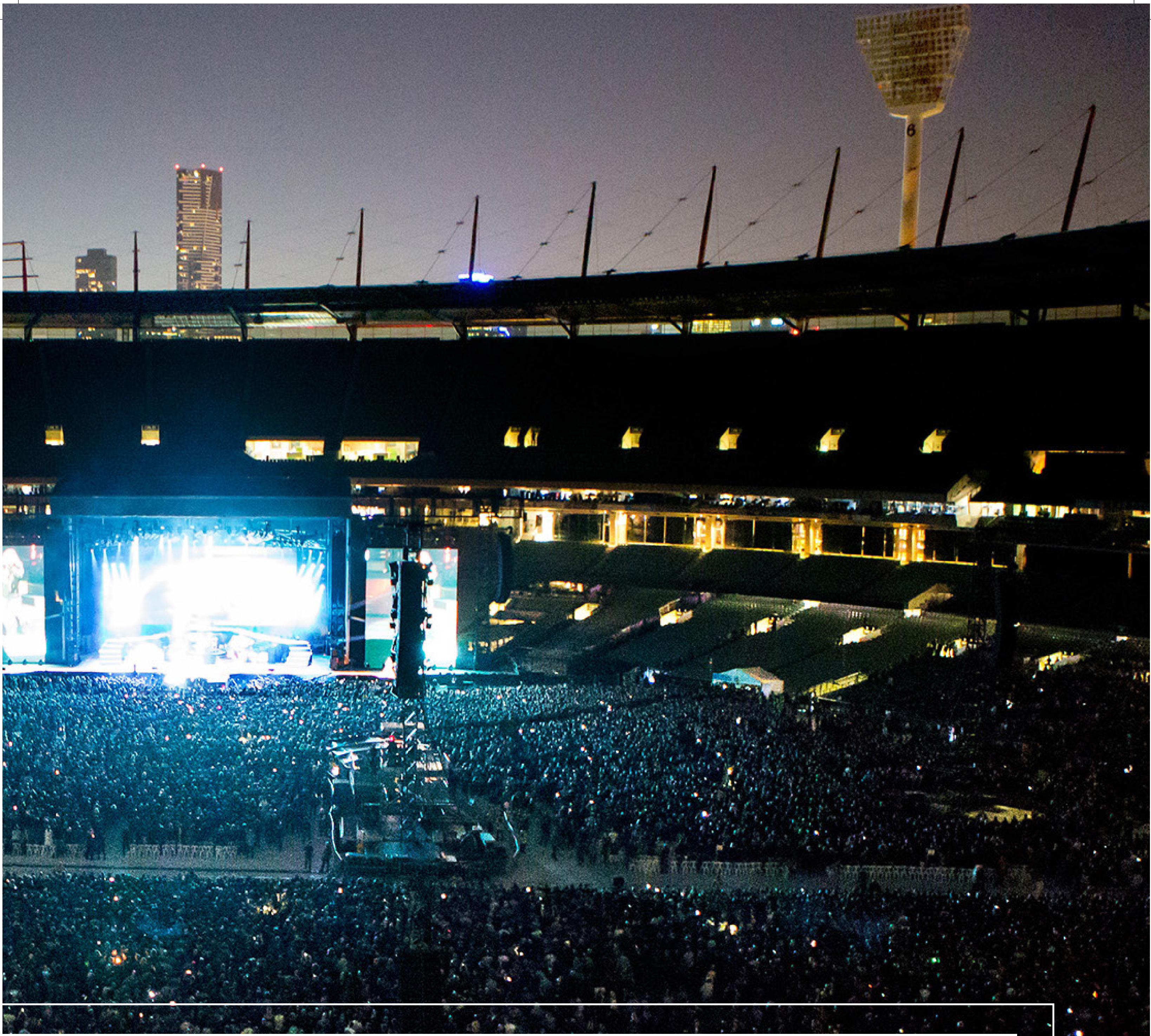
Photo: Julie Shepherd, City of Yarra Streetscapes Crew Leader

GUNS N' ROSES - MELBOURNE 2017

There is no season nor time of day – or night - when Citywide's Traffic & Events team are not out safely marshalling traffic and pedestrians around numerous locations and venues in the **City of Melbourne** or neighbouring municipalities.

Year-round, the 62-strong team provide support to all manner of government and private commercial customers, whether it is supporting large public events – such as football games, stadium rock concerts and New Year's Eve fireworks – or major construction projects requiring safe, successful roadworks management.

Photo: Guns N' Roses concert at the MCG
Image courtesy Michelle Couling & MCC Events



"On behalf of the MCC, I wish to express a sincere thank you for your commitment and support of the Guns N' Roses concert at the MCG on Tuesday 14 February 2017.

"It is certainly no easy task transforming the MCG into a 75,000 'rock n roll' concert venue and traffic management - getting the show in and out safely and efficiently - was one area of concern for the venue, promoter and the production team.

"We have received some very positive feedback from the promoter covering all aspects of the show, and traffic management and logistics featured prominently, so well done.
"For the record, we had a total of 61 semi-trailers / trucks utilise Brunton Ave to get the show in and out."

Josh Anderson, Event Manager
Melbourne Cricket Club

Hyde Park, a pristine open space in the heart of Sydney.
Photo: Sarah Pearce, Horticulture Auditor, City of Sydney contract

SUSTAINING BRAND SYDNEY

When it comes to iconic locations, the **City of Sydney** is recognisable around the globe.

Naturally, sustaining their image and brand as a world city is a top priority for our customer through their Sustainable Sydney 2030 strategy.

Citywide is fully aligned and embraces this as our priority, too. Because we know how important it is to support Council to achieve its strategic objectives and back it up by aligning our services to its vision.

For example, through the Sustainable Sydney 2030 strategy, Council aims to ensure every resident is within a three-minute walk of linked green space – something we are helping our customer achieve by having managed and maintained more than 70 hectares of open space and almost 7,000 trees in city parks over the past year.

Similarly, we helped bring urban environments to life by planting attractive pocket parks and playgrounds in tightly built-up areas – reflecting another strategic objective to foster greater community connectedness among inner-Sydney apartment dwellers.

Also, in April we transferred to our new depot at Banksmeadow, a location close to key service areas, demonstrating our long-term commitment to the City of Sydney.

"The Society wishes to thank the City (sic) very much for retaining and heavily pruning the dying Ficus in Jubilee Park as a "habitat" or "stag" tree and so providing a home for insects, birds and other animals in Glebe."

Allan Hogan, President - The Glebe Society

Pruned ficus tree in Jubilee Park.
Photo courtesy of Allan Hogan, President - Glebe Society

OUR PEOPLE

It's an age old truth that people do business with people. And by our very nature, Citywide is a people business, with a dedicated workforce serving more than 12 million Australians every day, in communities up and down the eastern seaboard.

And when the community responds in kind, we take heart that our people are doing right by those people they are serving.

Like Damien Connell, who for years has passionately devoted his professional and personal time and energy to supporting volunteers at the **City of Port Phillip's** annual Lagoon Reserve Neighbourhood Planting.

And **City of Melbourne** infrastructure maintenance team members George Spiteri and Manny Giordimaina, kindly acknowledged by CBD café manager Michael Curtris as being "an asset to your organisation and the city. These gentlemen performed quality work outside our café on Degraves Street, City."

When our people proactively demonstrate their commitment to their customers and community constituents, it speaks volumes about the kind of culture they want to be part of.

Ultimately, it's that same attitude that goes to building – indeed, SHAPING – the liveable cities we ourselves want to live in and belong to as much as we want to build and shape the same liveable cities for our neighbours.

"As part of the (Lagoon Reserve Neighbourhood) planting, Damien was presented with a small gift from the community for his hard work, dedication and on-going commitment.

"I thought this was a very nice gesture from the community. As a representative of the City of Port Phillip, it was great to see Damien recognised by the community members as a long term and committed part of the team.

"I think it also showed the successful partnership between council/Citywide. In the Natural Heritage Areas contract at the grass-root level with the community, there is no line between contractor and council and the service delivery to the community is seen as seamless. Well done and a great effort in this commitment to service."

Michelle Ritchie, Parks Technical Officer, City of Port Phillip

OUR PEOPLE

People matter to our customers. For them, it's not only the core services we're contracted to deliver through our people but also our customers' imperative of actively investing in their own community.

This year, we were proud to stand with our customer the **City of Melton** and our social justice recruitment partner, the Brotherhood of St Laurence, to celebrate the progress of several Citywide staff and apprentices completing their qualifications in civil construction and horticulture (above).

The three-way partnership provided our employees with valuable work experience and job skills training, helping the City of Melton to achieve an employment objective as part of its social procurement strategy.

Port Phillip team leader Damien Connell (c) with community volunteers at the City of Port Phillip's 10th annual Lagoon Reserve Neighbourhood Planting this year.

Photo: Amanda Fisher, Tales to Connect

SHAPING LIVEABLE CITIES MEANS *SAFE* LIVEABLE CITIES

Safety and wellbeing inside and outside of Citywide is our core value and the driving force in all our activities – both operational front line and corporate services and support.

Overall this year, our safety performance materially improved compared to previous years, with a Lost Time Injury Frequency Rate (LTIFR) of 4.3 for FY17; although this should not lead to an assumption that we have achieved our desired Safety state, which remains an ongoing journey.

An equally important metric, our Injury Severity Index for the same period was 19.2, meaning injury severity had materially reduced.

We also implemented a mobile hazard reporting application that employees can easily use in the field to register safety risks and capture better safety management data.

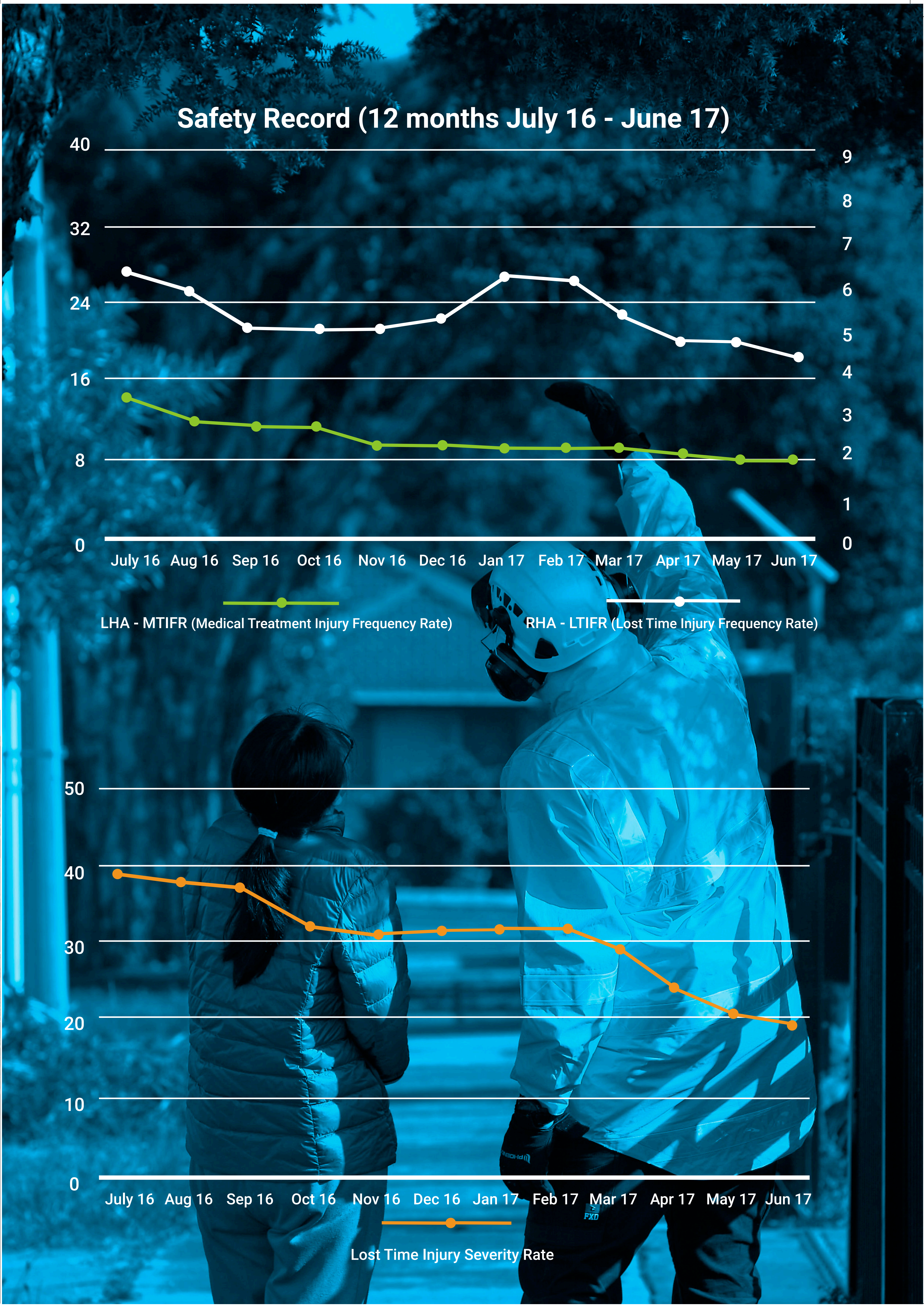
Case study: city-wide, safety first is driver of change

The safety and wellbeing of the community as much as our people is another driver of change towards what we call Zero Harm.

In March, we partnered with Victoria's Transport Accident Commission (TAC) and VicRoads to install pedestrian safety lights in footpaths at one of the busiest intersections in the **City of Melbourne**, in an Australian-first trial of the technology.

The state government says the intersection was chosen for the trial due to a large number of people who cross roads at the intersection and disobey pedestrian crossing signals.

(Image: courtesy of the TAC)


Safety Record (12 months July 16 - June 17)
40
32
24
16
8
0
9
8
7
6
5
4
3
2
1
0
July 16 Aug 16 Sep 16 Oct 16 Nov 16 Dec 16 Jan 17 Feb 17 Mar 17 Apr 17 May 17 Jun 17
LHA - MTIFR (Medical Treatment Injury Frequency Rate)
RHA - LTIFR (Lost Time Injury Frequency Rate)
50
40
30
20
10
0
July 16 Aug 16 Sep 16 Oct 16 Nov 16 Dec 16 Jan 17 Feb 17 Mar 17 Apr 17 May 17 Jun 17
Lost Time Injury Severity Rate

INNOVATION IN THE FIELD

Across the complex field of asset management, municipal authorities need constant assurance that every tree, nature strip, playground, sports oval, signpost and myriad other types of community street furniture will be comfortably covered in the day-to-day maintenance schedule. Anything less is, simply, 'non-negotiable'.

Which is why – with a firm eye on the future – Citywide is rolling out an evolutionary, all-encompassing service management tool that goes beyond standard maintenance scheduling and service delivery, empowering greater productivity and efficiency.

Utilising technology that can be integrated with customers' systems enables a two-way exchange of data, such as facilitating allocated work orders from the customer immediately to our crews, in turn allowing automated reporting back to the customer, enabling real-time tracking of service level agreements.

Across key contracts, including the **Cities of Melton, Yarra and Port Phillip**, we customised our technology tool to be an end-to-end paperless mobile workforce management and scheduling solution - effectively enabling our customers to deliver substantially better outcomes for their community constituents.

TACKLING CANE TOADS 1,000 TADPOLES AT A TIME

Not every innovation needs to be digital, hi-tech or a product per se.

Accepting innovation to be generally defined as “change that adds value”, lo-fi solutions – be they process changes, service or marketing solutions, even change management or business improvement practices – can be just as effective in achieving business objectives.

In partnership with **Brisbane City Council**, our sister company Technigro spearheaded a six-month trial to combat the environmentally destructive scourge of cane toads.

By seeding public waterways with tablets made from the toad’s own glands to attract cane toad tadpoles, Technigro’s dedicated environmentalists were able to capture and remove up to 1,000 tadpoles every night.

Removing the parotoid gland from adult toads

New design tadpole funnel traps.

A cane toad tadpole

SUGAR THE SPICE TO MAKE THE GRASS NICE

It’s a classic symbol of good neighbourliness, yet the humble cup of household sugar could well emerge as a key cost-saving tool for Councils to maximise the value of ratepayer revenue.

Having overseen several trial runs, Citywide’s indigenous vegetation management team serving the **City of Whittlesea** ramped up its use of consumer grade sugar as a weed control tool instead of traditional chemical products; the result being an increase in the abundance of desired indigenous vegetation species and a dramatic decrease in invasive weed species.

It’s another example of a lo-fi yet innovative and considered approach to managing municipal open space assets, with the added value for the customer being lower costs and a reduced reliance on environmentally harmful chemical products in favour of a more sustainable and environmentally acceptable organic solution.

RECOGNITION OF EXCELLENCE

Excellence can be measured in many ways, but it is especially pleasing when recognition of excellence comes from industry peers and stakeholders.

This year, we were honoured to receive the award for Training Employer of the Year for Roads & Water from the Civil Contractors Federation, for the efforts and achievements of our Melton team in delivering training and job skills development.

As managers of people, it is our responsibility and privilege to contribute to the professional development of our staff and to facilitate their career journey with us as they grow their skills and capabilities.

Ray Farrell (l) Citywide's Operations Leader for City of Melton Services, accepts the award from Ben Howell, of Award sponsor Dial Before You Dig.

Photo courtesy of Megan Smithwick, City of Whittlesea

THE LEMON TREE PROJECT

In November, Citywide's Open Space team helped the **City of Whittlesea** sow the seeds of community engagement through an initiative called The Lemon Tree Project.

The project is centred on the idea of creating a communal space with fruit trees and a herb garden, recognising that many people use lemons and herbs frequently when cooking.

"It's a simple idea to engage people in gardening and an opportunity for a communal space where people can meet and connect," according to Megan Smithwick, Community Development Officer for Whittlesea Township.

"This project, with all of the support from Citywide, has made a big impact on our community.

"The whole project has been amazing - from the start, with the different schools and community garden working together, to the end project which has transformed a vacant, unsightly piece of land (in)to a community space that is now enjoyed by many."

"I would like to take this opportunity to praise Citywide in their efforts this week working on the Lemon Tree Project.

"The Lemon Tree Project was a community project to bring all three schools (in the township of Whittlesea) together to build relationships.

"They worked very hard with minimal time, in sometimes terrible weather conditions to create a lovely landscape area in Walnut Street & James Street."

Camilla Wigney
Parks OHS Officer & Projects Officer, City of Whittlesea

COMMUNITY ENGAGEMENT

At Citywide, we recognise our obligation - and, equally, value the opportunity - to serve the whole of society.

Having a social licence is integral to our shared value approach and ensures we can make a more meaningful investment in all the communities we operate in, with the common goal of fostering greater social cohesion.

This year, we continued our partnership with The Huddle, to support the organisation's goals and further cement ties with the North Melbourne community in which we are based.

Established by the North Melbourne Football Club, The Huddle engages, supports and empowers young people to build on their strengths, increase their ability to participate in society and contribute to more socially inclusive communities.

A key aspect of this is strengthening education and career pathways by facilitating industry opportunities and workplace experiences for young people aged 12-25 years in addition to funding and staff support.

As a result of our first-year partnership, Citywide and The Huddle have entered into a new three-year MoU to increase the scale and reach of our investment in the community.

Established in 2001, food rescue charity FareShare delivers more than a million free, nutritious meals every year to hundreds of charities working in support of disadvantaged Victorians, while also diverting more than 500 tonnes of food from landfill each year.

To achieve this, FareShare relies on 800 regular volunteers who help to create the meals provided to soup vans, homeless shelters, food banks and school breakfast programs. The charity also runs three community kitchen gardens, growing its own fresh primary produce to supplement the meals it produces.

Citywide has once again been proud to support FareShare with financial and pro bono support, including in-kind waste management collection and bin cleaning services; operations and corporate teams volunteering in the kitchen and community gardens, and; expert irrigation advice from our horticultural experts.

COMMUNITY ENGAGEMENT



One way we know we can support the community is through creating opportunities for jobseekers who may otherwise face significant barriers to sustainable employment.

This year, our engagement with a range of non-profit employment and training partners - including the Brotherhood of St Laurence, NOVA Employment, WPC Group and Marriott Employment Options - led to several successful outcomes for disadvantaged job seekers and apprentices across our Victorian and NSW operations.

WPC Group apprentices Taylor (above, left) and Andre (centre) both made an immediate impact upon starting with Citywide.

Andre is part of our arborist team serving the **City of Sydney**, working predominantly on maintaining Sydney's iconic Hyde Park trees.

In Victoria, Taylor proved an instant hit with our open space team and community volunteer groups, whom Citywide co-ordinate on behalf of our customer, the **Bayside City Council**.

MARRIOTT EMPLOYMENT OPTIONS
Trainee horticulturist James (top, right) joined Citywide from Berendale School, a Bayside-based education institution for students with learning difficulties.

Following an initial work experience placement with our Bayside operations team, James became a full-time apprentice supported by Moorabbin-based Marriott Employment Options.

In May, James was honoured by our customer **Bayside City Council** with a Youth Courage Award for his resilience and commitment to work.

NOVA EMPLOYMENT & MARIST180

Citywide engaged with Marist180 and NOVA Employment to assist Haydn into work as a trainee horticulturist based in our western Sydney operations.

Through their DARAMU program, Sydney- based Marist180 help Aboriginal youth find full-time jobs and embark on a meaningful career.

Similarly, NOVA helps people with a disability to gain secure, stable employment in the community. NOVA also supported Haydn through his studies to ensure he built a solid career path.

PUBLIC ISSUES, COMMUNITY/SOCIETY

This year, ABC Television broadcast a major three-part program called War on Waste, a documentary series aimed at encouraging better consumer behaviours in waste minimisation and developing better recycling habits.

We were pleased to play a part in the program, hosting the production team as they investigated some of the many challenges inherent in the waste and resource recovery industries.

The program was broadcast to wide acclaim and galvanised a movement of concerned consumers, particularly across social media, with the added benefit of showcasing Citywide's operations across the **City of Melbourne** community.

Image: ABC TV

Image: Context Photography / Committee for Melbourne

MELBOURNE 4.0

Our Mission and Purpose - **shaping liveable cities** – has brought us face to face with the fast growth challenge now confronting Australia's cities, regions and communities. None more so than in Melbourne, which continues to outpace other capital centres on population growth among other metrics.

This year, we joined with other business leaders and organisations in a series of scenario planning workshops, facilitated by the Committee for Melbourne.

Under the banner #Melbourne4.0, the exercise considered how the so-called fourth industrial revolution – broadly, the effects of digitisation and technological advancements on the economy and society - will impact the city's future.

At Citywide, we remain committed to exploring and commissioning emerging technologies and applications – such as GIS mapping and mobile safety and hazard reporting applications - that help us to solve our customer's problems.

ECOLOGICAL BURNS

Photo courtesy of Pauline Reynolds, Bayside Friends of George Street Reserve

In April, our **Bayside City Council** bushland crew and **City of Whittlesea** indigenous vegetation management team conducted controlled ecological burns for their customers, as part of annual open space management activities.

Ecological burns are known to be highly beneficial to many Australian ecosystems and in many cases plants from heathland vegetation and coastal areas, such as those in bayside Melbourne, require fire to survive.

Inland, it is a similar story across the Whittlesea municipality where, as well as creating more space for indigenous plant species to establish themselves, burning is also an efficient weed management tactic.

For our customers, ecological burns have the dual benefit of more targeted weed control, reducing the risk of damage to valuable vegetation, while also reducing the overall annual workload.

It all adds up to greater value for money for our customers as well as peace of mind that their contract requirements are delivered to specification by people who are highly regarded experts in their field.

FINANCIAL PERFORMANCE

As a community-owned business competing in a tough commercial environment, our financial performance in 2017 further justified our new business strategy and the organisational restructure implemented the preceding year.

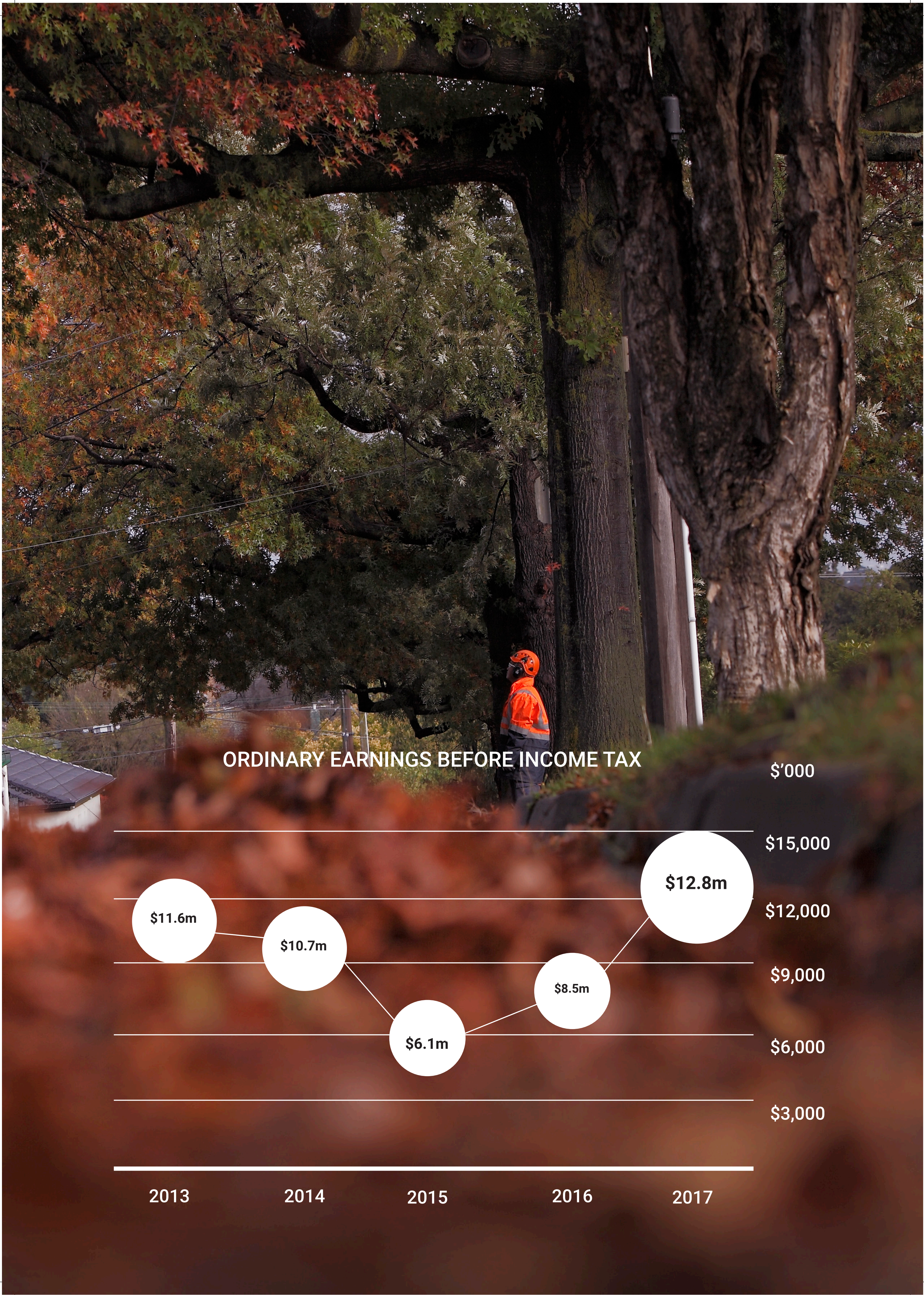
While our year-on-year revenue was broadly the same, our profit position improved significantly, enabling us to record the second highest ordinary earnings before tax in our 22-year history.

Even accounting for one-off events such as the sale and leaseback of our light vehicle fleet, the financial result was a significant improvement on previous years.

Driving this progress was a marked lift in productivity – a key metric - with our operations leaders demonstrating better cost control and a stronger understanding of how to drive value through our business; value we are able to pass on to our shareholder, our customers and the community.

In line with the broader national economic environment, an increasingly competitive market and the ongoing effects of restrictive rate-capping on Council budgets, we know we cannot afford to be complacent about such commercial challenges.

However, we remain optimistic for the future as we embrace the growth opportunities ahead.


ORDINARY EARNINGS BEFORE INCOME TAX
$'000
$15,000
$12,000
$9,000
$6,000
$3,000
$11.6m
$10.7m
$6.1m
$8.5m
$12.8m
2013
2014
2015
2016
2017

EXECUTIVE TEAM

WHO WE ARE

Chris Campbell, Chief Executive Officer

Chris Campbell joined Citywide as Chief Executive Officer in October 2015. He has more than 20 years of executive leadership experience in the resources and energy sectors within Australia and with extensive international experience.

Chris chairs the North Melbourne Asphalt Joint Venture, and was this year appointed to the Board of the Victorian Government's Western Metropolitan Partnership. He is a Fellow of the UK Chartered Institute of Marketing, a Member of the Australasian Institute of Mining and Metallurgy, and a Graduate of the Australian Institute of Company Directors.

Jayne Crow, Executive People & Reputation

Jayne Crow joined Citywide in 2014. She is responsible for Health, Safety and Environment, Human Resources, Public Relations and Communications and Information Technology. Jayne also chairs the Safety Leadership Group.

Prior to joining Citywide, Jayne held several senior Corporate Services and Human Resources roles in the energy, construction, water, and finance sectors including most recently with Spanish construction firm ACCIONA.

Craig Fuller, Executive – Operations NSW, ACT, QLD

Craig Fuller joined Citywide in 2016, bringing with him more than 30 years of experience in energy utilities and related contracting and construction industries.

Craig has held a number of senior management positions, with experience ranging from project development, project directorship and operational management with accountability for business profit and loss. His more recent accomplishments were with AGL, Alinta, Jemena and Zinfra.

Heidi Mitchell, General Counsel & Company Secretary

Heidi Mitchell joined Citywide in 2016, bringing with her substantial experience as a senior corporate lawyer in a broad range of commercial dealings, including advising on competition law and workplace health and safety. Heidi joined Citywide from Viva Energy Australia Pty Ltd (formerly The Shell Company of Australia Limited) where she was Senior Legal Counsel for Wholesale Supply and Distribution.

In addition, she held Company Secretary positions at W.A.G. Pipeline Pty Ltd and Crib Point Terminal Pty Ltd. Heidi has written and delivered legal training and held Director and Committee Member positions in several organisations, including not-for-profits.

Matthew Whelan, Executive – Operations Victoria

Matthew Whelan joined Citywide in 2015. He is responsible for all of Citywide's Victorian operations, including the Dynon Road Waste Transfer Station.

Matthew has over 20 years of experience in the waste and infrastructure industries. He has held senior management positions with both national and global organisations, including: Pacific Waste, The Alex Fraser Group, Cleanaway, Transpacific Industries and One Steel.

Matthew also sits on the Executive team of the Victorian Waste Management Association and the National Waste and Resource Industry Council.

FROM LEFT TO RIGHT:
Heidi Mitchell, Matthew Whelan, Jayne Crow, Chris Campbell, Craig Fuller

Glenn Lihou, Chief Financial Officer

Glenn Lihou joined Citywide as CFO in mid-2016 before stepping down from this position in May 2017.

Nick Montague, Acting Chief Financial Officer

Nick Montague was appointed interim Chief Financial Officer, succeeding Glenn Lihou, in May 2017. Prior to accepting the role, Nick consulted to Citywide on a range of business and financial initiatives, and has been an important addition to the Citywide team, albeit on an interim basis.

THE BOARD

Hon. John M Brumby AO
CHAIRMAN

John was Premier of Victoria from 2007– 2010 after spending seven years as the State's Treasurer.

He is currently the Chairman of the Motor Trades Association of Australia Superannuation Fund Pty Ltd, Chair of the Olivia Newton-John Cancer Research Institute, Chair of the Fred Hollows Foundation, National President of the Australia China Business Council, a Director of Huawei Australia and Chair of BioCurate, a joint venture between the University of Melbourne and Monash University.

John is also an Enterprise Professor at the University of Melbourne and a Fellow of the Australian Institute of Company Directors.

Ms Janice van Reyk
DIRECTOR

Janice is a director of Lochard Energy Group, Australian Naval Infrastructure, Victorian Ports Corporation, Northern Territory Environment Protection Authority, Tennis Australia and an Independent Member of the VicRoads Risk, Audit & Governance Committee. Previously she was a director of Port of Melbourne Corporation and Melbourne Water.

She is a member of the Environment Institute of Australia and New Zealand, a Fellow of the Australian Institute of Company Directors and a CPA.

Janice is experienced in commercial, environmental and stakeholder issues on infrastructure businesses in the energy, waste, transport sectors and water sectors.

Mr Peter Lamell
DIRECTOR

Peter has served on over 25 boards across the energy, power, services, technology, telecommunication and not-for-profit sectors. He has broad global senior executive experience having worked in the UK, US, Europe, Asia/Pacific, Canada and Australia with a prime focus on successfully building and turning around a number of complex businesses.

He spent over 25 years working with Shell and was a member of the Board of Shell Australia. He is Chairman of Renew Australia, a member of the Advisory Board of 8over8 Ltd, Director of the National Trust Australia (Victoria) and the National Trust of Australia (Victoria) Foundation and is a fellow of the AICD. He has a Senior Executive MBA from Melbourne Business School.

BACK ROW, FROM LEFT: Paul Hardy, Janice van Reyk, John Brumby
FRONT ROW, FROM LEFT: Peter Lamell, Prue Willsford, Andrea Waters

Ms Andrea Waters
DIRECTOR

Andrea is an experienced auditor, accountant and Non-Executive Director. She is a Fellow of Chartered Accountants Australia & New Zealand and a member and accredited facilitator of the Australian Institute of Company Directors.

She is a former partner with KPMG and a Director of Cash Converters International Limited, Care Super and Bennelong Funds Management Group.

She was previously a Director of The Lord Mayors Charitable Foundation, Chartered Accountants Australia New Zealand and Cancer Council Victoria.

Mr Paul Hardy
DIRECTOR

Paul previously served as Global CEO of Aurecon, Executive Chairman at Connell Wagner, and Executive Director at GHD. He was recognised by Engineers Australia in 2009, 2010, 2011, 2012 and 2013 as one of the 100 most influential engineers in Australia, and he has more than 35 years of experience in the consulting industry.

He is Chair of Pitt & Sherry, a Director of Collingwood Football Club Foundation, Pan Group Australia, Pukuap Pty Ltd, Care Guidance Australia and Training Online Australia. Paul is a fellow of the Institution of Engineers Australia and a Graduate of the Australian Institute of Company Directors.

Ms Prue Willsford
DIRECTOR

Prue has extensive experience in the financial services sector and is the CEO and a Director of the Australian and New Zealand Institute of Insurance and Finance and has held senior leadership roles at National Australia Bank and State Trustees.

She was the Deputy Chancellor of Victoria University and had various roles on the University Council, including Chairman of the Resources Committee.

She is currently a Director of MyLifeMyFinance, a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

CONTENTS

DIRECTORS' REPORT

DIRECTORS

The Directors of Citywide Service Solutions Pty Ltd (the Company) for the whole of the financial year and up to the date of this report (unless otherwise indicated) are:

- John Brumby (Chairman);
- Janice van Reyk;
- Andrea Waters;
- Prue Willsford;
- Peter Lamell; and
- Paul Hardy.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal continuing activities of the Company and its subsidiaries (collectively 'the Group') during the year were to meet the service needs of customers from local governments, other governments, and private and public sector corporations (in line with community expectations) by providing a comprehensive range of quality, physical services.

TRADING RESULTS

The Group's profit from ordinary activities, before income tax equivalents, for the year was $12,758,000 (FY2016: $8,555,000). The Group's profit for the year was $9,637,000 (FY2016: $5,555,000) after deducting income tax equivalents of $3,120,000 (FY2016: $3,000,000).

DIVIDENDS

The Directors of the Company have declared a dividend of 20.65 cents (FY2016: 19.83 cents) per Ordinary Share for the year ended 30 June 2017.

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

	2017 ($)	2016 ($)
Dividend of 20.65 cents (FY2016: 19.83 cents) per fully paid Ordinary Share	3,800,000	3,650,000

REVIEW AND RESULTS OF OPERATIONS

The Group's revenue from ordinary activities for the year was $233,370,000 (FY2016: $234,537,000).

The Group continues to embed the significant changes made to the business model in FY2016, and launched the "Citywide Way" across the business, reflecting the Group's new strategy and refreshed Purpose, Mission and Values. Although the period of transformation and improvement is largely complete, there were some restructuring costs. An enhanced focus on safety has resulted in a significant improvement in safety outcomes, with Injury Frequency and Injury Severity rates trending downwards.

While competition remains high in a challenging market, it is pleasing to see improvement on prior year. The Group has focussed on embedding the Customer first philosophy across the business to help differentiate our service offering in the market. Victoria continues to generate the majority of the Group's business, although interstate operations, including Queensland, have performed well, with several key existing contracts being extended or renewed. We have also integrated our Sydney operations into one NSW business.

Performance of the Citywide North Melbourne Asphalt Joint Operation, in which the Group has a 50% interest, has been lower than expected due to a lower volume of asphalt products sold from the facility. However, costs for this operation were lower than historical levels, and the safety performance has improved.

The 'sale and leaseback' of a large proportion of the Group's light commercial vehicles was finalised during the year, streamlining the fleet maintenance and management process for those vehicles, and delivering a cash return to the business of $8.7m (inclusive of GST), with a subsequent gain on sale of assets of $4.2m.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

LIKELY DEVELOPMENTS IN THE STATE OF AFFAIRS

The Group is continuously investigating opportunities to expand and grow its business. The Group has an effective strategic planning process that underpins the corporate strategy and future growth of the Group, which is supported by a strong Balance Sheet.

Further information about likely developments in the operations of the Group, 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 and up to the date of this report, 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 Group 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 and embraces the need for the highest standards of corporate behaviour and accountability in order to fulfil its responsibilities to the Group's stakeholders, who include its shareholder, customers, suppliers, employees, the communities in which we operate, and the environment where we operate.

In keeping with this responsibility, the Board's responsibilities include determining and reviewing the Group's strategic direction and operational policies, establishing targets for Management and monitoring the achievement of these targets, reviewing and approving the Groups' annual business plan, monitoring and rewarding the Chief Executive Officer, approving the appointment and remuneration of all Executives, approving all significant business transactions, monitoring risk exposures and risk management systems including those relating to occupational health and safety, and approving and monitoring reporting to the shareholder. The Group also operates in accordance with Governance Protocols established by the shareholder, which cover, amongst other things the function, composition, nomination, performance and remuneration processes of Directors together with the reporting obligations of the Group and Board performance.

An external Board review completed during the year confirmed that the Board operates at a high standard of performance and effectiveness.

The Board consists of six Directors, all of whom are independent non-executive Directors, including the Chairman. The Directors bring a balance of skills, experience and diversity to assist the Group to meet its strategic objectives. Non-executive Directors meet periodically, in line with good governance, without the Chief Executive Officer 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.

The Board is involved in setting the strategic direction of the Group, as well as reviewing the current performance on a regular basis, with the overall aim of achieving growth in the performance of the Group.

As part of this process, the Board has four committees: Remuneration; Audit and Finance; Safety, Risk and Environment; and Nominations. These committees have their own charter setting out the role, 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 experienced focus in each of the above areas. A temporary Due Diligence committee was created by the Board in March 2017 to oversee business development opportunities, and met 5 times during the year. It consisted of non-executive Directors, Management, and external advisors as required. All matters considered by committees are reported to the full Board and, where necessary, recommendations are put to the full Board for decision. The Chief Executive Officer is an ex officio attendee of all Board Committees. Other Executive Committee representatives, and the Group Risk and Audit Manager, regularly attend Board committee meetings.

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 Group. 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 Group governance protocols, the independent External Auditor does not provide any other services to the Group. In addition to the statutory audit, the Group also has a comprehensive internal audit programme, which it outsources, and an external safety, quality and environmental audit regime.

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 Instrument 2016/191. The Company (and the Group) 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 2017, and the number of meetings attended by each Director are set out below:

	Board of Directors		Audit & Finance Committee		Renumeration Committee		Safety, Risk & Environment Committee		Nomination Committee		Due Diligence Commitee	
Director	*Held*	*Present*	*Held*	*Present*	*Held*	*Present*	*Held*	*Present*	*Held*	*Present*	*Held*	*Present*
J Brumby	10	10	4	4	3	3	-	-	2	2	-	-
J van Reyk	10	9	4	4	-	-	4	4	-	-	-	-
A Waters	10	10	4	4	-	-	4	4	-	-	5	5
P Willsford	10	10	4	4	3	3	-	-	2	2	-	-
P Hardy	10	10	-	-	-	-	4	4	2	2	5	5
P Lamell	10	10	-	-	3	3	4	4	-	-	5	5

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 and Group named in this report, and current and former Executive Officers of the Company and Group, 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 an 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 or Group 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 or Group 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.

EVENTS OCCURRING AFTER REPORTING DATE

There were no matters or circumstances which have arisen between 30 June 2017 and the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included as an attachment at the end of this report.

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

J Brumby
(Chairman)

A Waters
(Director)

28 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017	2016
		$'000	$'000
Revenue from operations			
Services and Other revenue	2	233,370	234,537
Other Income	2	7,865	9,800
Total revenue from operations		**241,235**	**244,337**
Expenses from operations			
Employee benefits		83,779	88,923
Contractor costs		62,632	62,205
Raw materials and consumables used		21,513	23,812
Fleet costs		14,650	15,318
Occupancy costs		4,979	6,074
Waste tipping fees		15,893	13,146
Depreciation and amortisation	9 & 12	13,689	14,115
Impairment of goodwill	12	-	-
Finance costs		127	30
Other expenses		11,216	12,159
Total expenses from operations		228,477	235,782
Profit before income tax equivalents		**12,758**	**8,555**
Income tax equivalents expense	4	3,121	3,000
Profit for the year	3	**9,637**	**5,555**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of property, net of tax		-	7,893
Other comprehensive income for the year, net of tax		**-**	**7,893**
Total comprehensive income for the year		**9,637**	**13,448**

The above consolidated statement of Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017	2016
		$'000	$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	11,154	2,678
Trade and other receivables	6	29,804	39,964
Inventories	7	646	517
Prepayments		1,179	2,580
Other assets	8	8,027	2,081
Total Current Assets		**50,810**	**47,820**
Non-Current Assets			
Property, plant and equipment	9	73,293	73,107
Other assets	10	1,659	1,643
Deferred income tax equivalent assets	11	5,304	5,171
Intangible assets	12	23,145	23,445
Total Non-Current Assets		**103,401**	**103,366**
TOTAL ASSETS		**154,211**	**151,186**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	37,102	38,759
Current tax equivalent liabilities		3,355	3,023
Provisions	16	14,544	15,548
Total Current Liabilities		**55,002**	**57,330**
Non-Current Liabilities			
Interest-bearing loans and borrowings	15	473	497
Deferred Income tax equivalent liabilities	17	5,009	5,112
Provisions	16	1,240	1,598
Total Non-Current Liabilities		**6,722**	**7,207**
TOTAL LIABILITIES		**61,724**	**64,537**
NET ASSETS		**92,486**	**86,649**
EQUITY			
Contributed equity	18	18,406	18,406
Retained earnings	19	62,149	56,312
Asset revaluation reserve	19	11,931	11,931
TOTAL EQUITY		**92,486**	**86,649**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity $'000	Retained earnings $'000	Asset revaluation $'000	Total $'000
Balance at 1 July 2015	18,406	54,407	4,038	76,851
Profit for the year	-	5,555	-	5,555
Other comprehensive income for the year, net of tax	-	-	7,893	7,893
Transactions with owners in their capacity as owners:				
Dividends provided	-	(3,650)	-	(3,650)
Balance at 30 June 2016	**18,406**	**56,312**	**11,931**	**86,649**
Profit for the year	-	9,637	-	9,637
Other comprehensive income for the year, net of tax	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividend provided	-	(3,800)	-	(3,800)
Balance at 30 June 2017	**18,406**	**62,149**	**11,931**	**92,486**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017	2016
		$'000	**$'000**
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		264,756	255,992
Payments to suppliers and employees (inclusive of GST)		(240,838)	(247,900)
Interest paid		(125)	(30)
Interest received		30	80
Income tax equivalents paid		(3,540)	(1,845)
Net cash provided by operating activities	**25**	**20,283**	**6,297**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		9,537	14,107
Purchase of property, plant and equipment		(17,693)	(20,646)
Net cash flows used in investing activities		**(8,156)**	**(6,539)**
Cash flows from financing activities			
Proceeds from borrowings		14,500	4,300
Repayment of borrowings		(14,500)	(4,300)
Dividends paid		(3,650)	(2,600)
Net cash flows used in financing activities		**(3,650)**	**(2,600)**
Net increase/(decrease) in cash and cash equivalents		**8,477**	**(2,842)**
Cash and cash equivalents at beginning of year		2,678	5,519
Cash and cash equivalents at end of year	**25**	**11,154**	**2,678**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements comprise the consolidated financial statements of Citywide Service Solutions Pty Ltd and its subsidiaries. Citywide Service Solutions Pty Ltd (the "Company" or "parent entity") and its subsidiaries are referred to in this financial report as the "Group" or "consolidated entity".

The Company is a proprietary company incorporated under the Corporations Act 2001, and is domiciled in Australia. The Company's registered office and principal place of business is 294 Arden Street, North Melbourne VIC 3051.

The Group's principal activities are to meet the 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.

1.1 BASIS OF PREPARATION

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs and therefore do not reflect changes in the purchasing power of money or current valuations of non-monetary assets, except where indicated. Certain non-current assets and financial instruments are measured at revalued amounts or fair values, as explained in the accounting policies below.

The consolidated financial statements have been prepared on a going concern basis. As at 30 June 2017, current liabilities exceed current assets by $4.2m (2016: $9.5m). The directors believe that the Group is a going concern because of continued profitability, positive operating cash inflows and the available bank loan facility as disclosed in Note 15.

The functional and presentation currency of the Group is Australian Dollars.

The Company is of a kind referred to in Instrument 2016/191 (dated 24 March 2016) issued by the Australian Securities and 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 instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in the relevant note.

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

1.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company a) has power over the investee; b) is exposed, or has rights, to variable returns from its involvement with the investee; and c) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Refer to Note 27 for details of the Group's subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

1.3 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners and the equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are expensed in the Statement of Profit and Loss and Other Comprehensive Income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
> 1 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share Based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 Financial Instruments: Recognition and Measurement, or AASB 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1.4 JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Citywide recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 13. Citywide accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASB's applicable to the particular assets, liabilities, revenue and expenses.

When Citywide transacts with a joint operation in which Citywide is a joint operator (such as a sale or contribution of assets), this is considered to be conducting the transactions with the other party to the joint operation, and gains and losses resulting from the transactions are recognised in Citywide's financial statements only to the extent of other parties' interests in the joint operation.
When Citywide transacts with a joint operation in which Citywide is a joint operator (such as a purchase of assets), Citywide's share of the gains and losses is not recognised until those assets are sold to a third party.

1.5 GOODWILL

Goodwill is recognised as an intangible asset. Goodwill arising on a business combination is carried at cost as established at the date of the business combination (refer to Note 1.3 above) less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to a cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies of the business combination. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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, including a terminal value are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1.6 REVENUE RECOGNITION

In accordance with Accounting Standard AASB 118 Revenue, the Group 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 Group determines the stage of completion by reference to the proportion of costs incurred to date compared to the estimated total costs of the contract. Administrative overheads are not included in the costs of the contract for this purpose.

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.

1.7 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 reporting date using the weighted average cost method. 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 represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.8 RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

At each reporting date, the Group reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows arising from its continued use and subsequent disposal are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit). A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 PROPERTY, PLANT AND EQUIPMENT

Buildings, plant and equipment and motor vehicles are 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 the Statement of Profit or Loss and Other Comprehensive Income as incurred.

Land is stated in the Statement of Financial Position at fair value, based on periodic but at least triennial valuations by external independent valuers (refer to Note 9). Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. 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	1-15 years
Motor Vehicles	3-10 years

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

1.10 INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life. The depreciable amount is determined after deducting its residual value (only where there is an active market for the asset). The amortisation period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is recognised in the statement of profit or loss. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
> 1 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Customer relationship assets
The fair value of customer relationships acquired is calculated considering the estimated future recurring revenues from existing customers in the acquired operations at the date of the acquisition. Any deferred tax liabilities related to customer relationships are calculated and recorded as a part of goodwill. Customer relationships have a useful life of 5 years and are amortised on a straight-line basis.

1.11 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 Group, whichever is the shorter. The ranges of expected useful lives to the Group are unchanged from last year with the majority of these assets being depreciated over 5 years.

1.12 MAINTENANCE AND REPAIRS
Maintenance, repair costs and minor renewals are charged as expenses as incurred.

1.13 TRADE RECEIVABLES
Receivables are recognised at the amounts due for settlement and are usually collected within 30 days of recognition. Collectability 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 may not be able to collect the debt.

1.14 TRADE AND OTHER PAYABLES
Payables represent liabilities for goods and services provided to the Group 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.

1.15 EMPLOYEE BENEFITS
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement plus related on costs in respect of employees' services up to reporting date.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Remeasurements are recognised in profit or loss in the period in which they arise.

Superannuation - defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee benefits expenses in profit or loss in the periods during which the services are rendered by employees.

Superannuation - defined benefits plans
The Company participates in a multi-employer defined benefits plan for which sufficient information is not available to use defined benefits accounting. As such, it accounts for contributions to those plans as if they were defined contributions plans rather than defined benefit plan accounting as allowed under AASB 119. Details of these arrangements are set out in Note 22.

1.16 TAX EQUIVALENT REGIME
The Group is exempt from income tax under section 50-25 of the Income Tax Assessment Act 1997, due to it being wholly owned by the City of Melbourne, a local government authority.

The Group is subject to paying income tax equivalents to City of Melbourne, equal to the amount of income tax otherwise payable under the Income Tax Assessment Act 1997. The Group has adopted the provisions of AASB 112 Income Tax to account for these income tax equivalents.

Income tax equivalents expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets are recognised for all deductible temporary differences only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.17 GOODS AND SERVICES TAX (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:
i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority;
ii) when it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
iii) for 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 Statement of Financial Position.

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

1.18 CASH AND CASH EQUIVALENTS
Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
> 1 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.19 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 date of the Statement of Financial Position.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The Group currently has no qualifying assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.20 LEASING
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Operating lease commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value by way of a note and are presented inclusive of the GST payable.

1.21 CONTRACTOR COSTS
Contractor costs are recognised when the services have been provided.

1.22 DIVIDENDS
Provision is made for the amount of any dividend determined, being appropriately authorised on or before the end of the financial year but not distributed by the year end date.

1.23 PARENT ENTITY FINANCIAL INFORMATION
The financial information for the parent entity, disclosed in Note 29 has been prepared on the same basis as the Consolidated Financial Statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of the parent entity.

1.24 CONTINGENT ASSETS AND CONTINGENT LIABILITIES
Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

1.25 COMPARATIVE FIGURES
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

1.26 FOREIGN CURRENCY TRANSLATION
Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss.

1.27 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
In application of the Groups' accounting policies, the Group is required to make judgements, estimates and assumptions on the financial statements based on historical assumptions, experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. Information about critical assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below:

i) Revenue recognition
The Group recognises revenue arising from service contracts by reference to the stage of completion of the contract in accordance with the accounting policy stated in Note 1.6. Where the outcome of a contract can not be reliably estimated, contract costs are recognised as and when expenses are incurred and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

ii) Estimated impairment of goodwill
The Group tests annually if goodwill has suffered any impairment in accordance with the accounting policy stated at Note 1.5. The recoverable amounts of cash generating units have been determined based on value in use calculations using discounted cash flow projections based on the budget approved by the board for the next financial year and management's forecasts covering a five year period. These calculations require the use of assumptions. Refer to

Note 12 for details of these assumptions.

iii) Contingent consideration arrangements
In accordance with Note 1.3, where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Estimating the acquisition-date fair value of contingent consideration involves the development of expected cash flows discounted to the acquisition date at an appropriate discount rate. Projecting the expected cash flows involves estimating the likelihood and timing of various possible outcomes and weighting each scenario with an estimated probability factor. Further details are provided in Note 27.

iv) Customer relationship asset
In accordance with Note 1.10, the fair value of customer relationships acquired is calculated considering the estimated future recurring revenues from existing customers in the acquired operations at the date of the acquisition. Estimating the acquisition-date fair value of customer relationship asset involves the development of expected cash flows discounted at an appropriate discount rate. Projecting the expected cash flows involves estimating the likelihood of existing customers extending and renewing long-term contracts based on historical observations. The estimated useful life for amortisation is determined based on that assessment.

1.28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There have been no new standards issued during the year which have had an impact on the Group's financial statements.

Standards and Interpretations on issue not yet adopted
At the date of authorisation of the financial statements, the following Accounting Standards, Interpretations and Amending Pronouncements were on issue but not yet effective:

(i) AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective 1 January 2018);
(ii) AASB 16 Leases (effective 1 January 2019)
The Group is of the view that the implementation of AASB 15 will not have a material impact on its financial statements. The group is assessing the potential impact on its financial statements resulting from the application of AASB16, noting that there is no plan to early adopt the standard.

	2017	2016
	$'000	$'000

2. Revenue and Other Income

	2017 $'000	2016 $'000
Sales revenue		
Rendering of services	233,341	234,457
Other revenue		
Interest received	30	80
Total Revenue	233,370	234,537
Other Income		
Gain on disposal of property, plant and equipment, net of costs (a)	5,420	9,800
Technigro earn out adjustment (b)	2,445	-
	7,865	9,800

(a) This amount includes the gain on sale of $4.2m from the sale and lease back of light commercial vehicle assets. The 2016 amount includes a gain on sale of assets into the Joint Operation of $8.4m and a gain on sale of land of $0.4m
(b) Refer to note 27

3. Profit from Operations

a) Operating profit before income tax equivalents has been determined after:

	2017 $'000	2016 $'000
Expenses		
Depreciation:		
Buildings	139	171
Plant & equipment	3,287	3,546
Motor vehicles	9,368	9,646
Leasehold improvements	596	452
Total depreciation	13,389	13,815
Finance costs: Interest charges paid	127	30
Provision for:		
Employee benefits	5,430	5,901
Impairment expense – Trade debtors	500	110
Bad debts	2	36
Contributions to employee superannuation funds	5,776	6,134
Rental expense on operating leases	2,448	2,794
Software licencing costs	1,193	1,058
Employee separation costs	659	2,236

	2017	2016
b) Auditors' remuneration	**$**	**$**
Amounts received, or due and receivable by the external auditors for auditing the financial report	85,000	78,000
Amounts received, or due and receivable by the internal auditors	180,707	204,979

	2017	2016
	$'000	$'000

4. Income tax equivalents

The Income tax equivalents on the profit from continuing operations differ from the amount of prima facie tax equivalents payable on that profit as follows:

	2017 $'000	2016 $'000
Prima facie income tax equivalents on the profit from continuing operations at 30% (2016: 30%)	(3,827)	(2,565)
Increase tax equivalents payable due to:		
Non deductible expenses	(26)	(42)
Technigro earn out	733	-
Other	-	(393)
Income tax equivalents attributed to operating profit	(3,121)	(3,000)

	2017 $'000	2016 $'000
Income tax equivalents attributable to operating profit comprise:		
Current tax provision	(3,355)	(3,540)
Deferred income tax liability	103	487
Deferred income tax asset	132	53
	(3,121)	(3,000)

5. Current Assets - Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	11,154	2,678

Cash at bank attracts interest rates of 0 - 1.5% (2016: 0 - 2.5%).

6. Current Assets - Trade and other receivables

	2017 $'000	2016 $'000
Trade receivables	22,097	25,706
Less: Allowance for impairment of receivables	(1,010)	(510)
	21,087	25,196
Amounts owing from ultimate parent entity	8,618	14,611
Other debtors	100	157
	29,804	39,964

Impaired trade and other receivables

The Group has recognised losses of $502,000 (2016: $146,000) in the Statement of Profit or Loss and Other Comprehensive Income in respect of bad and doubtful trade receivables.

At 30 June 2017, there were no (2016: nil) material receivables either past due which have not been impaired or individual balances specifically impaired. Collateral is not normally obtained for balances owing.

Movement in allowance for impairment

	2017 $'000	2016 $'000
Balance at beginning of year	(510)	(400)
Allowance for impairment recognised during the year	(502)	(146)
Receivables written off during the year as uncollectable	2	36
Balance at end of year	(1,010)	(510)

	2017	2016
	$'000	$'000

7. Current Assets - Inventories

	2017	2016
Stores and raw materials (at cost)	343	296
Finished goods (at cost)	302	221
	646	517

8. Current Assets - Other assets

	2017	2016
Accrued income – Unbilled services	8,027	2,081
	8,027	2,081

9. Non-current Assets - Property, plant and equipment

	2017	2016
Land at Valuation (Note 9a)	21,433	21,433
Buildings (at cost)	4,738	4,472
Less accumulated depreciation and impairment	(2,254)	(2,195)
	2,484	2,277
Leasehold improvements (at cost)	4,977	4,453
Less accumulated depreciation and impairment	(1,610)	(1,298)
	3,367	3,155
Plant and equipment (at cost)	36,006	33,082
Less accumulated depreciation and impairment	(23,614)	(22,251)
	12,393	10,831
Motor vehicles (at cost)	78,825	90,817
Less accumulated depreciation and impairment	(46,244)	(55,686)
	32,581	35,131
Work in progress	1,034	280
Total property, plant and equipment	73,293	73,107

9. Non-current Assets - Property, plant and equipment (continued)

	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2015	10,158	2,510	1,060	15,549	30,027	185	59,489
Additions	-	45	2,570	2,690	15,246	95	20,646
Disposals	-	(108)	(23)	(3,862)	(496)	-	(4,488)
Revaluation	11,275	-	-	-	-	-	11,275
Depreciation	-	(171)	(452)	(3,546)	(9,646)	-	(13,815)
Balance at 30 June 2016	**21,433**	**2,277**	**3,155**	**10,831**	**35,131**	**280**	**73,107**
Balance at 1 July 2016	21,433	2,277	3,155	10,831	35,131	280	73,107
Additions	-	347	997	4,925	11,537	754	18,559
Disposals	-	-	(188)	(76)	(4,719)	-	(4,984)
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(139)	(596)	(3,287)	(9,368)	-	(13,389)
Balance at 30 June 2017	**21,433**	**2,484**	**3,367**	**12,393**	**32,581**	**1,034**	**73,293**

a) Valuation of Land
The revalued land is located in Australia. Fair value of land was determined using the direct comparison approach that reflect recent transaction prices for similar properties. The direct comparison approach is on a rate per square meter of land area basis. The sales evidence utilised by the valuers comprise improvements, and to ensure a consistent analytical methodology, deductions for demolition improvements were not being considered.

The last revaluation was completed on 24 March 2016. The land's fair value was based on valuations performed by Knight Frank, an accredited independent valuer who has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The highest and best use of the freehold land is redevelopment.
The fair value of land is categorised as level 2 within the fair value hierarchy.
The fair value of land is $21,433,000 (2016: $21,433,000).
The historical cost of land is $5,741,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	$'000	$'000

10. Non-current Assets - Other assets

Land sale deferred settlement	1,659	1,643

11. Non-current Assets - Deferred income tax equivalent assets

Deferred income tax equivalent asset	5,304	5,171

	Employee Benefits	Accruals	Other	Total
Movements	$'000	$'000	$'000	$'000
Balance at 1 July 2015	4,406	440	272	5,118
Charged to Income	(241)	5	289	53
Balance at 30 June 2016	**4,165**	**445**	**561**	**5,171**
Balance at 1 July 2016	4,165	445	561	5,171
Charged to Income	(483)	677	(61)	133
Balance at 30 June 2017	**3,682**	**1,122**	**500**	**5,304**

12. Non-current Assets – Intangible assets

	2017	2016
	$'000	$'000
Goodwill on acquisitions	27,566	27,566
Less accumulated impairment/adjustment	(4,796)	(4,796)
	22,770	22,770
Customer relationships	1,500	1,500
Less accumulated amortisation	(1,125)	(825)
	375	675
	23,145	23,445

12. Non-current Assets – Intangible assets (continued)

Movements	Goodwill on acquisitions $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2015	22,770	975	23,745
Amortisation	-	(300)	(300)
Impairment	-	-	0
Balance at 30 June 2016	**22,770**	**675**	**23,445**
Balance at 1 July 2016	22,770	675	23,445
Amortisation	-	(300)	(300)
Balance at 30 June 2017	**22,770**	**375**	**23,145**

Impairment testing for cash-generating units ("CGU") containing goodwill

Goodwill has been reviewed for impairement for the year ending 30 June 2017.

For the purposes of impairment testing, Goodwill is allocated to the consolidated entity's operating divisions. The aggregate carrying amounts of Goodwill allocated to each CGU are as follows:

	2017 $'000	2016 $'000
Arboriculture VIC	-	194
Horticulture VIC	-	5,224
Street Cleaning VIC	-	3,296
Open Space NSW	-	7,868
Open Space QLD	-	6,188
Victoria Operations	8,714	-
NSW Operations	7,868	-
Technigro	6,188	-
	22,770	22,770

During the year, the CGU's have been redefined in line with the new business structure and implementation of the new customer focussed operating model. The recoverable amount of each CGU has been determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The recoverable amount of each unit was determined to be in excess of the carrying value for each CGU, and therefore no impairments/adjustments have been recognised.

12. Non-current Assets – Intangible assets (continued)

Key assumptions used in the discounted cash flow projections
Future cash flows have been based on the FY2018 budget and overlaid with appropriate discount and growth rates. The discount and growth rate assumptions are as follows:

	2017	2016
Discount rate	8.50%	9.30%
Growth Rate	2.20%	1.50%

The discount rate used is a post-tax measure based on the company's weighted average cost of capital (WACC). The WACC has been determined in conjunction with professional valuation advice received from an independent consulting firm.

Each CGU has five years of cash flows included in its discounted cash flow models and a terminal growth rate thereafter. The discounted cash flow models the first year cash flow which is based on the FY2018 budget. The long-term compound annual growth rate in EBITDA is estimated by management using past experience and expectations for the future.

Sensitivity to change in assumptions
Management has modelled reasonably possible changes in key assumptions to determine whether sensitivities would cause the carrying value of any CGU to exceed its recoverable amount.

Each +/- 10 basis point movement in the discount rate assumption impacts the recoverable amount of the NSW CGU by approximately $140,000 which would result in a minor impairment in the case of a 10 basis point increase.

Each +/- 10 basis point movement in the growth rate assumption impacts the recoverable amount of the NSW CGU by approximately $140,000 which would result in a minor impairment in the case of a 10 basis point decrease.

13. Joint Operation

Citywide has a 50% interest in a joint arrangement called Citywide North Melbourne Asphalt (Asphalt JO) which was set up as a partnership together with Fulton Hogan Industries Pty Ltd for the manufacture and sale of asphalt products.

The principal place of business of the joint operation is in Australia.

The joint arrangement agreement in relation to the Asphalt JO requires unanimous consent from all parties for all relevant activities. The two participants own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. Therefore it is classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenue and expenses as described in Note 1.4

Guarantee provided to Fulton Hogan Industries Pty Ltd
As part of the joint arrangement, Citywide has provided a guarantee up to a maximum of $7,000,000. In the event the Asphalt JO ceases its operations and is permanently closed within 7 years of its commencement on 15th January 2016, due to changes in law or issue of notices, making of order or direction given by a Government Agency since the commencement date, Fulton Hogan has a right to claim for compensation from Citywide. The liability payable on the closure date will be reduced by the number of months the Asphalt JO has operated since the commencement date. As at 30 June 2017, management is of the view the Asphalt JO will continue its operation and liability for compensation to Fulton Hogan is unlikely. As a result, no liability has been recognised.

14. Current/Non-current Trade and other payables

	2017	2016
	$'000	$'000
Current		
Trade and other payables	37,102	38,719
Amount owing to Ultimate Parent Entity	-	40
	37,102	38,759

Trade accounts payable are generally settled within 30 days.

15. Current/Non-current Interest-bearing loans and borrowings

Non-current		
Bank loans	-	-
Security Deposits	473	497
	473	497

Terms and conditions
Interest bearing loans and borrowings
Bank Overdraft and Bank Loans
The bank overdraft facility of $2.5m (2016: $0.6m) and bank loan facility of $27.1m (2016: $29.0m) are secured facilities with a 1st ranking fixed and floating charge over the net assets of the Group. There were no bank loans drawn at 30 June 2017 (2016: $0). Subject to the continuance of satisfactory covenants achievement, the bank facilities may be drawn at any time. The bank facilities may be terminated by the bank if the Group defaults under the loan agreement. The facilities expire on 27 July 2019.

Security Deposits
Security Deposits are unsecured and represent amounts withheld and payable by the Group in future periods relating to recent acquisitions. Interest is being charged to the Group on these deposits at the current Bank Bill Swap rate of 1.95% (2016: 1.95%).

16. Current / Non-current Provisions

	2017 $'000	2016 $'000
Current expected to be settled within 12 months		
Annual leave	4,625	3,854
Long service leave	1,222	1,004
Other provisions	9	7
Dividend payable	3,800	3,650
	9,655	8,515
Current expected to be settled after 12 months		
Annual leave	-	1,344
Long service leave	4,889	5,689
	4,889	7,033
Total current balance	**14,544**	**15,548**
Non-current		
Long service leave	**1,240**	**1,598**
Movement in Dividend Payable Provision		
Balance at beginning of year	3,650	2,600
Additional provisions raised during the year	3,800	3,650
Amounts paid during the year	(3,650)	(2,600)
Balance at end of year	**3,800**	**3,650**

The Board has declared a dividend of $3,800,000 (2016: $3,650,000), payable in November 2017.

17. Non-current Liabilities - Deferred income tax equivalent liabilities

	2017 $'000	2016 $'000
Provision for deferred income tax equivalent liability	5,009	5,112

	Depreciation $'000	Revaluation of land $'000	Customer Relationships $'000	Total $'000
Balance at 1 July 2015	193	1,731	292	2,216
Charged to Income	(396)	3,382	(90)	2,896
Balance at 30 June 2016	**(203)**	**5,113**	**202**	**5,112**
Balance at 1 July 2016	(203)	5,113	202	5,112
Charged to Income	(13)	-	(90)	(103)
Balance at 30 June 2017	**(216)**	**5,113**	**112**	**5,009**

18. Contributed equity

	2017	2016
	$'000	$'000
Share capital		
Ordinary shares - fully paid	18,406	18,406

Movement in ordinary share capital	2017		2016	
	No.	$'000	No.	$'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

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The Group regards total equity, being issued capital and retained profits, as capital. The objective of the Group is to provide a strong capital base so as to maintain shareholders confidence and to sustain future development of the business. The Board of Directors monitors the return of capital as the level of dividends to shareholders.

The Group seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The weighted average interest expense on interest bearing borrowings was 3.17% (2016: 2.04%). The Group's net debt (total liabilities less cash and cash equivalents) to total equity was 0.54 (2016: 0.71). There were no changes in the Group's approach to capital management during the year.

19. Retained Earnings and Reserves

	2017	2016
	$'000	$'000
Retained profits at the beginning of the financial year	56,312	54,407
Net profit attributable to members of the company	9,637	5,555
Total available for appropriation	65,949	59,962
Dividends provided for or paid (Note 16)	(3,800)	(3,650)
Retained profits at the end of the financial year	62,149	56,312

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity owners of the Company	52.4	30.2

Reserves	$'000	$'000
Revaluation of Land	-	11,931

The asset revaluation reserve records the revaluation of the Group's Land which is carried at fair value.

20. Key Management Personnel Compensation

Citywide Non Executive Directors' payments for the year ended 30 June 2017

Position	Name	Total payments $
Chairman	John Brumby	146,594
Director	Janice van Reyk	91,588
Director	Andrea Waters	95,317
Director	Prue Willsford	89,008
Director	Paul Hardy	80,429
Director	Peter Lamell	80,742

Citywide Executive Remuneration for the year ended 30 June 2017

Position	Name	Total payments $	Total employment package $	STI Payable $
Chief Executive Officer	Chris Campbell	434,245	486,297	182,361
Chief Financial Officer (1)	Glenn Lihou	285,430	300,000	N/A
Interim Chief Financial Officer (2)	Nick Montague	65,000	N/A	N/A
Executive Operations Victoria	Matthew Whelan	293,000	293,000	58,600
Executive Operations NSW/ACT/Qld	Craig Fuller	265,000	265,000	53,000
General Counsel and Company Secretary (3)	Heidi Mitchell	211,200	211,200	42,240
Executive People and Reputation	Jayne Crow	284,928	299,758	59,952

(1) Mr G Lihou resigned as Chief Financial Officer effective 26 May 2017

(2) Mr Nick Montague was appointed as Interim Chief Financial Officer on 8 May 2017

(3) Ms Heidi Mitchell is employed on a part-time basis

	2017	2016
Key management personnel compensation comprised the following:	$	$
Short-term employee benefits	2,250,039	2,280,335
Post-employment benefits	173,791	158,086
Other long-term benefits	-	-
Termination benefits	-	105,168
Share-based payments	-	-
	2,423,830	2,543,589

The executive have an at risk component within their remuneration that was not paid in the current year.

Directors' fees are reviewed annually by the shareholder to ensure that they are in line with current business standards.

Other KMP transactions
For details of other transactions with KMP, refer to Note 24 Related Party Information.

21. Commitments for expenditure

	2017	2016
	$'000	$'000
Capital expenditure commitments		
Capital expenditure contracted for at reporting date but not recognised as liabilities in the financial report:		
- Payable within one year	7,870	2,358
Non-cancellable operating leases payable		
Non-cancellable operating lease commitments contracted for but not recognised in the financial report:		
- Payable within one year	4,125	2,131
- Payable later than one year, not later than five years	9,949	4,763
- Payable later than five years	802	600
	14,877	7,493

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

22. Retirement benefit obligations

Superannuation
Citywide Service Solutions Pty Ltd makes employer superannuation contributions in respect of its employees to complying accumulation superannuation funds. Obligations for contributions are recognised as an expense in profit or loss when they are due.

Accumulation Funds
The accumulation funds, (including the Local Authorities Superannuation fund's accumulation category, Vision Super Saver), receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.50% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of each individual fund.

Defined Benefit Plan
The Fund's Defined Benefit Plan is a multi-employer sponsored plan which is not open to new members. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119 Employee Benefits, Citywide Service Solutions Pty Ltd does not use defined benefit accounting for these contributions.

Citywide Service Solutions Pty Ltd makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014 and on advice from the City of Melbourne, Citywide Service Solutions Pty Ltd makes the following contributions:

- 13% of salaries for active defined benefit members;
- top-up payments for exiting members equal to the benefit payment less the vested benefit adjusted for the vested benefit index (VBI), where the VBI is less than 100%. At 30 June 2016, the fund's actuary estimated the VBI to be 119.6%..

	2017	2016
	$'000	$'000
Employer contributions to complying superannuation funds	5,776	6,134
Employer contributions payable to complying superannuation funds at reporting date	60	541

23. Contingent liabilities

Details of contingent liabilities of the Group at year end are:
- Guarantees issued by the Bank in respect of contracts secured of $10,701,093 (2016: $10,374,000).

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

Refer to Note 13 for disclosure of guarantee to Fulton Hogan for joint operation.

24. Related party information

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

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director (whether executive or otherwise) of the Company is considered key management personnel. Refer to Note 20 for the details of the Key management personnel remuneration during the financial year.

Transactions with the ultimate parent entity
Transactions with the ultimate parent entity during the financial year were based on a contract for the provision of services comprising vehicle rental, 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. All transactions were made on commercial terms and conditions and at market rates.

Revenue transactions with the ultimate parent entity amounted to $58,876,029 (2016: $53,136,000) during the financial year. The amount owing at reporting date is detailed in Note 6.

Expenditure transactions with the ultimate parent entity amounted to $367,434 (2016: $432,000) during the financial year. The amount owing at reporting date is detailed in Note 14.

Refer to Note 4 for the income tax equivalent charges and Note 16 for the dividends payable.

Transactions with subsidiaries
Transactions with subsidiaries during the financial year were based on the provision of services comprising contract sales. All transactions were made on commercial terms and conditions and at market rates.

Expenditure transactions with subsidiaries during the financial year were as follows:

	2017	**2016**
Name of subsidiary	**$'000**	**$'000**
Sterling Group Services Pty Ltd	57	54
	57	54

24. Related party information (continued)

Transactions with other related parties
The Group provided services to The Queen Victoria Market amounting to $527 (2016: $4,479,000), which is also owned by the Melbourne City Council. Transactions occurred on commercial arm's length terms.

The Group received consulting services from PAN Group of which Paul Hardy, a director of the Group, is an employee. All transactions were made on commercial terms and conditions and at market rates. Total cost payable to PAN amounted to $103,500.

Transactions between The Group and Citywide North Melbourne Asphalt (Asphalt JO) were to the value of $6,444,272 of which $326,463 is still unpaid at 30 June 2017. Payment terms between the two entities are 45 days from invoice date. No provisions for doubtful debts were provided for at 30 June and no doubtful debt expense was incurred in the 2017 financial period.

25. Cash flow information

	2017 $'000	2016 $'000
Reconciliation of cash and cash equivalents		
Cash assets at the end of the financial year as shown in the consolidated Statement of Cash Flows is reconciled to the related items in the consolidated Statement of Financial Position as follows:		
Cash and cash equivalents (Note 5)	11,154	2,678
Balance per consolidated Statement of Cash Flows	11,154	2,678

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

	2017 $'000	2016 $'000
Net profit after income tax equivalents	9,637	5,555
Non-cash items in operating profit:		
- Net (gain) / loss on disposal of non-current assets	(5,420)	(9,800)
- Depreciation / amortisation of non-current assets	13,689	14,115
- Impairment of goodwill/ Goodwill adjustment	-	-
- Forward exchange contract	-	-
Changes in operating assets and liabilities:		
- (Increase)/Decrease in Prepayments, Trade and Other Receivables	629	613
- (Increase)/Decrease in Amounts Owing by Ultimate Parent Entity	5,993	(285)
- (Increase)/Decrease in Inventories	(129)	22
- (Increase)/Decrease in Deferred Tax Equivalent Assets	379	(53)
- Increase/(Decrease) in Trade and Other Payables	(2,661)	(4,137)
- Increase/(Decrease) in Employee Entitlements	(1,513)	(941)
- Increase/(Decrease) in Current Tax Equivalent Liabilities	(179)	1,383
- Increase/(Decrease) in Amounts Owing to Ultimate Parent Entity	(40)	1
- Increase/(Decrease) in Deferred tax equivalent liabilities	(103)	(176)
Net cash provided by operating activities	20,282	6,297

26. Financial instruments

Objectives and Policies

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

Market Risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Group's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Credit risk

The credit risk on financial assets of the Group, 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 Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability as at 30 June 2017 is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. This exposure is managed by the type of borrowings used as per Note 15.

	Notes	Floating interest rate	Non-interest bearing	Total	Fair value level
2017		**$'000**	**$'000**	**$'000**	
Financial assets					
Cash and cash equivalents	5	11,140	14	11,154	1
Trade and other receivables	6	-	29,804	29,804	1
		11,140	**29,819**	**40,959**	
Weighted average interest rate		1.50%			
Financial liabilities					
Trade and other payables	14	-	37,102	37,102	1
Interest bearing loans and borrowings	15	473	-	473	1
		473	**37,102**	**37,575**	
Weighted average interest rate		3.17%			
Net financial assets		**10,667**	**(7,283)**	**3,384**	
2016					
Financial assets					
Cash and cash equivalents	5	2,661	17	2,678	1
Trade and other receivables	6	-	39,964	39,964	**1**
		2,661	**39,981**	**42,642**	
Weighted average interest rate		1.75%			
Financial liabilities					
Trade and other payables	14	-	38,759	38,759	1
Interest bearing loans and borrowings	15	497	-	497	1
		497	**38,759**	**39,256**	
Weighted average interest rate		2.04%			
Net financial assets		**2,164**	**1,222**	**3,385**	

26. Financial instruments (continued)

	2017	2016
Ageing of Trade Receivables	**$'000**	**$'000**
Current (not yet due)	29,015	36,064
Past due by up to 30 days	302	1,394
Past due between 31 and 180 days	1,017	2,102
Past due between 181 and 365 days	380	757
	30,714	40,317

Liquidity Risk
Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group manages its liquidity risk by monitoring the total inflows and outflows expected on a monthly basis. The Group ensures that sufficient liquid assets are available to meet all the short-term cash payments. The Group has a Bank loan facility that it uses to cover working capital requirements as needed (available funds at 30 June 2017 were $29.6m).

Contractual Maturities	6 months or less	6 - 12 months	1 - 5 years	5 Years or more	Total
	$'000	$'000	$'000	$'000	$'000
Year Ended 30 June 2017					
Liquid financial assets					
Cash and cash equivalents	11,154	-	-	-	11,154
Trade and other receivables	29,804	-	-	-	29,804
	40,959	**-**	**-**	**-**	**40,959**
Financial Liabilities					
Trade and other payables	37,102	-	-	-	37,102
Interest bearing loans and borrowings	-	-	473	-	473
	37,102	**-**	**473**	**-**	**37,575**
Net Inflow/(Outflow)	**3,856**	**-**	**(473)**	**-**	**3,384**
Year Ended 30 June 2016					
Liquid financial assets					
Cash and cash equivalents	2,678	-	-	-	2,678
Trade and other receivables	39,964	-	-	-	39,964
	42,642	**-**	**-**	**-**	**42,642**
Financial Liabilities					
Trade and other payables	36,314	2,445	-	-	38,759
Interest bearing loans and borrowings	-	-	497	-	497
	36,314	**2,445**	**497**	**-**	**39,256**
Net Inflow/(Outflow)	**6,327**	**(2,445)**	**(497)**	**-**	**3,385**

26. Financial instruments (continued)

The carrying amounts of financial assets and liabilities are a reasonable approximation of fair value due to their short-term maturity.

Interest Rate Sensitivity Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience in the financial markets, the Group believes that a movement of 50 basis points higher or lower is reasonably possible.

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 decrease by $20,000 and increase by $20,000 respectively (2016: increase by $7,000 and decrease by $7,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

27. Subsidiaries

The consolidated financial statements of the Group include:

Name of subsidiary	Principal activity	Date of acquisition	Country of incorporation	% Equity interest	
				30/06/2017	30/06/2016
Sterling Group Services Pty Ltd	Open Space Management	1 January 2011	Australia	100%	100%
AWD Earthmoving Pty Ltd	Infrastructure	31 May 2012	Australia	100%	100%
Technigro Australia Pty Ltd	Holding Company	1 October 2013	Australia	100%	100%
Technigro Pty Ltd	Open Space Management	1 October 2013	Australia	100%	100%

Technigro Australia Pty Ltd

On 1 October 2013, the Group acquired 100% of Technigro Australia Pty Ltd and its subsidiary Technigro Pty Ltd for a total consideration of $9.165m inclusive of a contingent consideration of $2.445m that was payable on 30 June 2017 upon adherement of pre-determined EBIT targets. As these targets were not achieved, the contingent consideration has been derecognised and taken through the profit and loss. Details of the fair values of the assets and liabilities acquired and the goodwill arising are disclosed in the 2014 Citywide Group Annual Report.

28. Events occurring after reporting date

There were no material matters or circumstances which have arisen between 30 June 2017 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial periods.

29. Parent entity information

a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

	2017	2016
	$'000	$'000
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	10,279	6,939
Other comprehensive income	-	7,893
Total comprehensive income	**10,279**	**14,832**
Statement of Financial Position		
ASSETS		
Current Assets	50,903	45,714
Non-Current Assets	113,390	112,498
Total Assets	**164,293**	**158,212**
LIABILITIES		
Current Liabilities	61,599	61,958
Non-Current Liabilities	7,769	7,808
Total Liabilities	**69,368**	**69,766**
EQUITY		
Contributed equity	18,406	18,406
Retained profit	64,588	58,109
Asset revaluation reserve	11,931	11,931
Total Equity	**94,925**	**88,446**

b) Guarantees
Refer to Note 23 for Guarantees issued by the Bank in respect of contracts secured relating to the Company. All Guarantees stated in Note 23 relate to the Company.

c) Capital expenditure commitments
Refer to Note 21 for capital expenditure contracted for at the balance date but not recognised as liabilities in the financial report. All Capital Expenditure Commitments stated in Note 21 relate to the Company.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 38 to 66 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's Consolidated financial position as at 30 June 2017 and of its performance for the financial year ended on that date;

b) the financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1.1; and

c) 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 Brumby
(Chairman)

A Waters
(Director)

28/08/2017

Independent Auditor's Report

Victorian Auditor-General's Office

To the Directors of CityWide Service Solutions Pty Ltd

Opinion	I have audited the financial report of CityWide Service Solutions Pty Ltd (the company) which comprises the: • consolidated statement of financial position as at 30 June 2017 • consolidated statement of profit and loss and other comprehensive income for the year then ended • consolidated statement of changes in equity for the year then ended • consolidated statement of cash flows for the year then ended • notes to the financial statements, including a summary of significant accounting policies • directors' declaration. In my opinion the financial report is in accordance with the *Corporations Act 2001* including: • giving a true and fair view of the financial position of the company as at 30 June 2017 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Directors' responsibilities for the financial report	The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit 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 company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

T. J. Loughnan

MELBOURNE
30 August 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

VAGO
Victorian Auditor-General's Office

Auditor-General's Independence Declaration

To the Directors, CityWide Service Solutions Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for CityWide Service Solutions Pty Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
30 August 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

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