

Management report to Council**Agenda item 6.1****Quarterly performance reporting – Council Plan Major Initiatives, Finances and Capital Program****Council****Presenter:** Alison Leighton, Acting Chief Executive Officer**29 November 2022****Purpose and background**

1. The purpose of this report is to inform the community of the performance of the Council at the end of the first quarter of the financial year, as set out in the attachments, outlining:
 - 1.1. Council's quarterly performance against the Council Plan 2021–2025 strategic objectives.
 - 1.2. The quarterly financial performance of the Council Works program, including the progress of Council's major projects.
 - 1.3. The quarterly financial performance of the Council and Budget, in accordance with the *Local Government Act 2020* (Act).

Key issues

2. This report provides an overall view of Council performance and delivery against our Council Plan 2021-2025, Council Works program and the Annual Budget 2022-2023.
3. Attached are the:
 - 3.1. Council Plan quarter one summary report (Attachment 2).
 - 3.2. Council Plan quarter one performance report (Attachment 3).
 - 3.3. Council Works Program quarter one summary report (Attachment 4).
 - 3.4. Council Works Program quarter one report – record of program adjustments (Attachment 5).
 - 3.5. Financial Performance Summary Report and Budget for quarter one (Attachment 6).
 - 3.6. Financial Performance Report for quarter one (Attachment 7).
 - 3.7. Supplementary Valuations Report (Attachment 8).
 - 3.8. Overview of Supplementary Valuations Returns (Attachment 9).
4. Achievements in the delivery of the Council Plan 2021-2025 for this quarter include: (under 'Economy of the future') significant support to city business, industries and precincts through Business Precinct Program funding of \$900,000, business event sponsorships and city activation grants; (under 'Melbourne's unique identity and place') stage one plans for the Greenline transformation released and a number of heritage amendments progressed to exhibition stage; (under 'Aboriginal Melbourne') planning for next phase of development of the Aboriginal Melbourne Digital Map; (under 'Climate and Biodiversity Emergency') positive community engagement on urban forest precinct planting activities and nature-in-the-city programs, plus appointment of Co-Chief Heat Officers as part of a global program on city champions for heat; (under 'Access and Affordability') release of Melbourne's Community Food Guide and Interactive Map; (under 'Safety and Wellbeing') launch of the Gender Equality Action Plan.
5. The financial year 2022-23 capital works portfolio consists of 145 programs and projects with a Council approved budget of \$288 million. This budget comprises \$274 million capital works (\$221 million new works and \$53 million renewals works) and \$14 million maintenance works. This budget includes \$35 million approved carried forward from the last financial year 2021-22.

- 5.1. During the first quarter there were portfolio adjustments of \$5.34 million with an adjusted budget of \$293 million. The year-to-date delivery is \$30.75 million, which is 78 per cent of the year-to-date planned value (\$39.4 million). The variance of the YTD spending from the year-to-date budget is \$8.6 million. The overall portfolio delivery has reduced to 78 per cent of the year-to-date budget.
 - 5.2. Key project adjustments included:
 - 5.2.1. New budget allocation from external funding for the Shrine Reserve Hostile Vehicle Mitigation project of \$1.1 million and additional budget from external funding for City Activation of \$733,000.
 - 5.2.2. Additional budget from internal funding for Cycle Infrastructure from \$4 million to \$7.2 million. The adjustment is to reinstate the surplus as of June 2022 of \$3.2 million as per Council decision, and part of the surplus relates to unspent Parking Levies of \$1.9 million. Birrarung Trial Floating Wetland adjusted from \$40,000 to \$605,000 and the Western Community Sports Pavilion upgrade to \$105,300.
 - 5.3. A number of key projects reached significant milestones, including the completion of the Provost Street Climate Adaptation Works, Princess Theatre Streetscape, Lonsdale Street Outdoor Dining Infrastructure and Errol Street Streetscape. Projects that entered the delivery phase include the Fawkner Park Oval and Brens Community Sports Pavilion Upgrade.
 - 5.4. Projects with key variances include Kensington Community Recreation Centre (\$2.9 million underspend) with the soil remediation issue halting progress onsite, QVMPR (\$3.0 million underspend) due to procurement issues for Market Infrastructure and Technology and Digital Innovation programs (\$1.8 million underspend) due to market forces. However, it is forecasted that the delivery will improve in the next couple of months as high voltage works at QVM are fast tracked, and soil remediation commences at Kensington Community Recreation Centre.
 - 5.5. Both renewal and maintenance programs / projects are tracking well ahead of their planned budgets and capital works delivery is approximately 65 per cent.
 - 5.6. Currently, nine projects have reported overall RAG status as red, with 33 projects as amber.
6. The results from ordinary activities for the first quarter ending 30 September 2022 is an underlying net surplus of \$10.1 million versus a budget of \$7.5 million. The favourable variance of \$2.6 million is mainly driven by the timing of monetary contributions for public open space (\$4.4 million), timing of materials and services spend (\$1.6 million) and lower employee costs (\$1.6 million), which has been partially offset by reduced parking fine infringements issuance (\$2.8 million), and reduced operating grant income (\$2.6 million).

Recommendation from management

7. That Council:
 - 7.1. Notes the Council Plan 2021-2025 quarter one summary report and performance report (refer Attachments 2 and 3 of the report from management).
 - 7.2. Notes the 2022-2023 Council Works Program quarter one summary report (Attachment 4 of the report from management).
 - 7.3. Approves program adjustments in the Council Works Program, within the overall adopted budget funding envelope, as follows (Attachment 5 of the report from management):
 - 7.3.1. New budget allocation (external funding) for:
 - 7.3.1.1. Shrine Reserve - Hostile Vehicle Mitigation (Project 22B2602M) - from \$0 to \$1,100,000
 - 7.3.2. Additional budget (internal funding) for:
 - 7.3.2.1. Cycle Infrastructure (Project 22B1305N) - from \$4,000,000 to \$7,229,577
 - 7.3.2.2. Birrarung Trial Floating Wetland (Project 22B5601M) - from \$40,000 to \$605,000
 - 7.3.2.3. Community Sports Pavilion Upgrade - Western (Project 20B4416N) – from \$0 to \$105,300
 - 7.3.3. Additional budget (external funding) for:
 - 7.3.3.1. City Activation (Project 21B1503M) - from \$0 to \$733,000
 - 7.3.4. Budget Reduced for:
 - 7.3.4.1. Seafarers Rest Park (Project 21B1427N) - from \$426,071 to \$30,000
 - 7.4. Notes funding and accounting adjustments for:
 - 7.4.1. Major Streetscape Improvements (Project 22B1352N) – for \$395,525 to recognise unspent Parking Levy from 2021-22.
 - 7.4.2. Footpath Renewal (Project 22B1309R) – for \$395,525 to fully utilise the \$7 million Parking Levy.
 - 7.4.3. Make Room Refurbishment (Project 22B2802M) – for \$3,000,000 due to delay in grant funding.
 - 7.5. Notes the 2022–23 quarter one Financial Performance Report and the current forecast (Attachments 6 to 9 of the report from management)

Attachments:

1. Supporting Attachment (Page 4 of 36)
2. Council Plan quarter one summary report (Page 5 of 36)
3. Council Plan quarter one performance report (Page 6 of 36)
4. Council Works Program quarter one summary report (Page 12 of 36)
5. Council Works Program quarter one report – record of program adjustment (Page 18 of 36)
6. Financial Performance Report and Budget for quarter one (Page 20 of 36)
7. Financial Performance Report for quarter one (Page 21 of 36)
8. Supplementary Valuations Report (Page 35 of 36)
9. Overview of supplementary valuations returns (Page 36 of 36)

Supporting Attachment

Legal

1. Section 97(1) of the Act provides that as soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to a Council meeting which is open to the public.
2. Section 97(2) of the Act provides that the Report must include:
 - 2.1. a comparison of the actual and budgeted results to date
 - 2.2. an explanation of any material variations
 - 2.3. any other matters prescribed by regulations under the Act (none at present)

Finance

3. The financial implications are detailed in the body of the report and attachments.

Conflict of interest

4. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

5. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

6. Not applicable.

Relation to Council policy

7. The report provides an update on progress towards delivering the Council Plan 2021–2025.

Environmental sustainability

8. Environmental sustainability issues or opportunities are not directly related to this report, but are covered as part of the matters raised in the attachments to this report.

Council Plan quarter four summary report July to September 2022**Background**

1. The Council endorsed the City of Melbourne's Council Plan 2021–2025 (including the Public Health and Wellbeing Plan) on 29 June 2021.
2. The Council Plan outlines the Council's commitment to the community, including Council's four-year strategic objectives, priorities, major initiatives and indicators of success.
3. Each year, as required under the *Local Government Act 2020*, the Council produces a public annual report of progress on its implementation of the Council Plan.
4. In addition, the City of Melbourne provides a quarterly public report on its progress of implementation of major initiatives under each Council strategic objective. This enables the Council to provide a regular account of performance to the community while highlighting any notable achievements and issues.

Key issues

5. The public quarterly report for the period July to September 2022 is attached, covering progress against the Council's strategic objectives; these being:
 - 5.1. Economy of the future
 - 5.2. Melbourne's unique identity and place
 - 5.3. Aboriginal Melbourne
 - 5.4. Climate and biodiversity emergency
 - 5.5. Access and affordability
 - 5.6. Safety and wellbeing.
6. The majority of the 52 major initiatives are on track, with one completed in the last (2021–22) financial year. Nine initiatives are identified as amber/red (delayed/off track).
7. The final quarterly report for July to September 2022 will be made available on the City of Melbourne website.

Economy of the Future

Over the next four years, we will focus on driving economic recovery and creating the conditions for a strong, adaptive, sustainable and thriving future city economy supported by a diverse mix of industries and jobs that provide dignity and opportunity.

Highlights for quarter one (July to September 2022)

Support for key industries, local businesses and precincts continued with our Business Precinct Program providing a \$900,000 boost for our Business Precinct Associations in 2022-23, the Business Event Sponsorship Program with \$200,000 to encourage businesses, innovators and entrepreneurs to share ideas for the future, and the latest round of City Activation Grants, delivering more than \$800,000 to support pop-ups, performances and events from August to December.

The Docklands Summit was held with 100 participants from major businesses, developers, the Victorian Government, residents and representatives from local small businesses. The summit was a productive and positive discussion of ideas and solutions to drive the revitalisation of Docklands.

The Invest Melbourne Advisory Board was announced with Chair Amanda Coombs. The Board will focus on creating jobs, boosting local businesses, and maximising investment opportunities. Penny Miles was announced as the new Night-time Economy Advisory Board Chair. Penny and the board will continue their focus on enhancing Melbourne's resurgence after dark.

The M9 advocacy program was launched in August, supporting active transport and the construction of Melbourne Metro 2. Arden amendment C407 was gazetted, including a Developer Contributions Plan to provide funding for active transport improvements.

In collaboration with the Council of Capital City Lord Mayors, the Lord Mayor advocated for post-study work right for international students. International engagement continued, including the Lord Mayor's attendance at the World Cities Summit in Singapore and delegations received from Barcelona and Hamburg.

Spring events drove visitation and energy into the city, with the AFL finals, AFL Grand Final and Parade and the Royal Melbourne Show.

Our progress and challenges

Our 'This is Your Local' campaign (initially launched October 2021) successfully showcased the lifestyle benefits of city-living while highlighting the State Government stamp duty concessions available. In line with their stamp duty offer ending, the campaign has also now closed. Proactive promotion of the city will continue through a new destination marking campaign. Progress towards achieving our four-year targets is on-track.

The major initiatives we're delivering this year	Council's role	Our progress
Continue to strengthen Melbourne's economic recovery, including through precinct and shopfront activation, delivery of an enhanced business concierge service and support for the night-time economy.	Deliver	On track
Ensure Melbourne is the easiest place to start and grow a business through the establishment of Invest Melbourne.	Deliver	On track
Drive economic growth and resilience by implementing the Economic Development Strategy , focusing support on existing and emerging industry sectors.	Deliver partner	On track
Work in partnership with the Victorian Government and other stakeholders to advocate for and deliver integrated high-quality public and active transport in urban renewal areas.	Deliver	On track
Establish a new tourism entity called Visit Melbourne and review and refresh the program of City of Melbourne-owned and sponsored events to maximise opportunities to drive visitation and spend.	Deliver partner	On track
Market and promote Melbourne as a great place to live for all, while ensuring key workers have access to affordable housing.	Deliver	On track
Increase visitation to Docklands by partnering with the Victorian Government and key stakeholders to enable reconstruction and redevelopment in Central Pier and surrounds.	Partner Advocate	On track
Review Melbourne's international relationships to optimise future and existing partnerships to enable mutual growth and opportunity.	Deliver	On track
Partner with industry to support the development of globally competitive innovation ecosystems.	Deliver partner	On track
Develop a corporate strategy for the City of Melbourne to drive exemplary customer service, digitise services and operations, improve productivity and identify new revenue opportunities.	Deliver	On track
Embed the Sustainable Development Goals in the way City of Melbourne plans, prioritises its investments, reports and benchmarks against other cities.	Deliver	On track

How we're measuring progress over four years	Target outcome
Capital city gross local product.	Increase
Number of businesses in the municipality.	Increase
Number of start-ups in the municipality.	Increase
Vacancy rate of retail premises.	Decrease
Proportion of residents employed in the municipality.	Increase
Gross local product per capita per person employed.	Increase
Number of jobs in the municipality.	Increase
Number of visitors to the municipality.	Increase
Planning applications decided within required timeframes.	100%

Melbourne's Unique Identity and Place

Over the next four years, we will celebrate and protect the places, people and cultures that make Melbourne a unique, vibrant and creative city with world-leading liveability.

Highlights for quarter one (July to September 2022)

Exciting plans for the first stage of the Greenline Project were released this quarter, with the first stage of works in Birrarung Marr going out to community engagement. Site 1 as it is known will deliver more than 450m of new boardwalk and paths within the Birrarung Marr precinct and celebrate the Wurundjeri Woi Wurrung connection to this Country. The Greenline Project business case was also released forecasting \$1.7 billion in economic, social and environmental impacts over the life of the project.

The renewal of the QVM precinct saw the Heritage Shed Restoration reach an important milestone with the completion of A and B Sheds. Three quarters of the restoration project is now complete - and 650 solar panels have been switched on saving 1,300 tonnes of carbon emissions and \$100,000 in electricity bills every year. Designs for our newest library, the Munro Library and Community Hub were approved for tender and work was progressed on the landscaping for the terrace, along with other public art elements incorporating feedback from Traditional Owners and the project's art curator. The project received recognition from the State Government's Living Libraries Fund for its contribution to the public and social life of Melbourne with the awarding of a \$1 million grant.

The Provost Street North Melbourne greening project was completed in August, and the neighbouring Little Provost Street greening project is expected to be completed by the end of October 2022. These projects will deliver 41 new street trees, creating a greener and more vibrant streetscape.

The North Melbourne Heritage Amendment (C403) was on exhibition, Hoddle Grid Heritage (Amendment C387) and North Melbourne interim controls (C402) were gazetted and Fisherman's Bend Heritage (C394) and the planning scheme amendment (C407) to implement the Arden Structure Plan 2021 were both approved by the Minister for exhibition. Year one of the Design Excellence Advisory Committee (DEAC) and the one-year pilot program for Melbourne Design Review Panel (MDRP) are now complete. Within this period, six MDRP meetings reviewed a total of 12 projects, and four DEAC meetings were held.

Our progress and challenges

Precinct renewal work steadily progressing on QVM despite construction sector related impacts on costs and timelines. Land acquisition for public open space across the municipality remains under way. Progress towards achieving our four-year targets is on-track.

The major initiatives we're delivering this year	Council's role	Our progress
Partner with the Victorian Government and other stakeholders to deliver specific components of Greenline along the north bank of the Yarra River.	Deliver Partner	On track
Increase the amount of public open space in the municipality with a focus on areas of greatest need.	Deliver	Delayed
Celebrate, partner and advocate for investment in the city's three key waterways, the Yarra River-Birrarung , the Maribyrnong and Moonee Ponds Creek.	Partner Advocate	On track
Play a lead role in facilitating the delivery of high-quality and climate adapted urban renewal in Arden and Macaulay , Fishermans Bend , and Docklands in partnership with the Victorian Government.	Partner (with Victorian Government)	On track
Adopt the Municipal Planning Strategy in 2022-23.	Deliver	On track
Complete heritage reviews and implement associated planning scheme amendments to protect and celebrate heritage in our municipality.	Deliver	On track
Protect Queen Victoria Market as a traditional open-air market.	Deliver	Delayed
Deliver Queen Victoria Market precinct improvements and Munro Community Hub.	Deliver Partner	On track
Deliver public art projects that reflect Melbourne's unique culture and heritage.	Deliver	On track
Facilitate increased investment in unique Melbourne events to further activate and celebrate the city.	Partner	On track
Champion high quality development and public realm design through delivering the Design Excellence Program	Deliver	On track

How we're measuring progress over four years	Target outcome
Proportion of residents within 300m of public open space.	Increase
Proportion of people surveyed who visit a park in the municipality on a regular basis.	Increase
Area of new public open space in Southbank.	1.1ha (by 2025)
Neighbourhoods in the municipality with up-to-date local heritage studies and controls.	100%
Proportion of people who support the city being made up of different cultures.	100%
Value of the creative sector to the local economy.	Increase
The number of creative spaces in the municipality.	Increase
The number of artists supported by City of Melbourne through city planning, design and city operations.	Increase
The number of design reviews of major projects.	Increase

For the Wurundjeri, Bunurong, Taungurung, Dja Dja Wurrung and Wadawurrung peoples of the Eastern Kulin, the place now known as Melbourne has always been an important meeting place and location for events of political, cultural, social and educational significance. Over the next four years, we will ensure that First Peoples’ culture, lore, knowledge, and heritage enrich the city’s growth and development.

Highlights for quarter one (July to September 2022)

Planning is under way for the development of the next phase of the Aboriginal Melbourne Digital Map, launched last financial year by the Lord Mayor and Traditional Owners as an interactive resource which helps bring to life through Aboriginal people’s lens their connection to country.

This next phase involves an expansion of the map to cover even more areas of the municipality. Initial planning has begun on work to promote the project to the wider community as well as an education package for schools.

With a shortlist of potential locations for the establishment of a Stolen Generations marker having been identified, preparations are under way for further consultations with members of the Stolen Generation and Aboriginal community on the location and form of the marker.

Work continues with the Victorian Government on next steps to progress the First Nations Cultural Precinct.

Our progress and challenges

Further scoping is being carried out in relation to the work on governing with First Nations to determine the best way forward. Progress on the First Nations Cultural Precinct is dependent on Victorian Government support. Progress towards achieving our four-year targets is on-track.

The major initiatives we’re delivering this year	Council’s role	Our progress
Explore and deliver opportunities for ‘truth-telling’ to facilitate learning, healing, and change within Melbourne and beyond. This will be an opportunity to impart knowledge of thousands of years of rich history, language and stories, as well as provide a form of restorative justice by acknowledging Aboriginal peoples’ experiences of dispossession and inequity.	Partner	On track
Implement the Declaration of Recognition and Commitment in good faith which signals and elevates the City of Melbourne’s shared commitment for reconciliation across the whole of the organisation.	Deliver	Completed
Govern with Sovereign First Nations to enable true self-determination, where deliberative engagement is proactive, responsive and consistent.	Deliver	Delayed
Commence planning for a co-designed First Nations Cultural Precinct with First Peoples – a place to retain, maintain and recreate in a culturally specific geography, where First Peoples can practice continuity of customs and traditions, through uninterrupted connection to lands and waters.	Partner	Delayed
Support a partnership forum – an annual gathering of the Eastern Kulin (noting the history of Tanderrum).	Partner	On track

How we’re measuring progress over four years	Target outcome
Proportion of people surveyed who demonstrate an understanding of Melbourne’s Aboriginal heritage and culture.	100%
Proportion of people surveyed who believe the relationship with Aboriginal people is important.	100%
Delivery of the City of Melbourne’s Reconciliation Action Plan.	100%
Level of involvement of Traditional Custodians in city governance.	Increase

Over the next four years, we will prioritise our environment and take urgent action to reduce emissions and waste in order to protect public health, strengthen the economy and create a city that mitigates and adapts to climate change. The City of Melbourne declared a climate and biodiversity emergency in 2019.

Highlights for quarter one (July to September 2022)

In line with the Urban Forest Strategy, the Urban Forest Precinct Plans are continuing to be delivered, with recent positive community consultation for a number of precinct plan planting streets, including the new food trees along the Kensington Stockroute. The tree planting program is also on-track to deliver our annual target of 3000 new trees. There has been extensive community engagement in the last quarter around nature in the city with the Gardens for Wildlife program and the Superb City Wrens Project. The Citizen Forester program has been re-invigorated post-COVID lockdowns, with successful hollow mapping and booked-out nature journaling events.

The 'Sustainable and Climate Resilient Assets' project has delivered three new resources to ensure new CoM assets are designed and delivered with sustainability and future climate risks in mind. A new project management framework template, a climate risk assessment tool and detailed resource hub are being finalised for use by project managers in October.

Melbourne Fashion Week was certified carbon neutral for the fourth year while Firelight Festival was certified carbon neutral for the first time.

A number of significant activities have been undertaken by the Lord Mayor, Deputy Lord Mayor and Councillors this quarter to advance Melbourne's climate advocacy. The City of Melbourne announced the appointment of Co-Chief Heat Officers as part of a global program on city champions for heat. City of Melbourne also contributed to a successful national campaign to strengthen the requirements under the National Construction Code 2022.

Delivery of the Power Melbourne project is progressing with community engagement activities and a survey inviting feedback on potential locations for neighbourhood batteries, including five council-owned battery host sites.

Our progress and challenges

Negotiations with the Victorian Government continue in an effort to progress our planning scheme amendment to improve the environmental performance of new buildings. Progress towards achieving our four-year targets is on-track.

The major initiatives we're delivering this year	Council's role	Our progress
To enhance Melbourne's position as a global leader on climate action, we will undertake bold advocacy on behalf of our community.	Deliver	On track
Create an enabling environment for Melbourne businesses and universities to become the employment centre of a resilient zero-carbon economy.	Deliver	On track
Progress a planning scheme amendment to improve the environmental performance of buildings in order to reduce emissions to zero by 2040.	Deliver Partner	Delayed
Deliver on our Urban Forest Strategy including tree canopy, private greening incentives and city greening.	Partner	On track
Lead the reduction of food waste and diversion of waste from landfill, by continuing the Food Organics, Green Organics rollout through high-rise apartment innovation and by addressing food-waste reduction.	Deliver Partner	On track
Support the development of a circular economy through bold leadership and community neighbourhood projects, including the container deposit scheme, alternative waste technologies, circular economy guidelines and partnered or aggregated demand to stimulate end markets.	Deliver	On track
Support the development of battery storage and renewable energy in the municipality through the Power Melbourne initiative.	Partner Advocate	On track
Implement the Climate and Biodiversity Emergency action plan .	Deliver	On track

How we're measuring progress over four years	Target outcome
Municipal greenhouse gas emissions.	33% reduction (from 2015 baseline by 2025)
On-road transport emissions.	Decrease
Installed battery storage capacity in the municipality.	Increase
Household waste produced.	10% reduction (by 2025)
Municipal waste diverted from landfill.	50% increase (by 2025)
Alternative water use.	Increase
Stormwater quality.	Increase
Hospital admissions in relation to extreme weather events.	Decrease
Percentage of tree canopy cover in the public realm.	27% (by 2025)

Over the next four years, we will reduce economic and social inequality by ensuring universal access to housing, core services and information.

Highlights for quarter one (July to September 2022)

Melbourne's Community Food Guide and Interactive Map were released from July 2022.

Western Pavilion is now complete and in use by the regular community stakeholders. These works have resulted in a fit for purpose facility including four gender neutral change rooms.

The CBD and Kensington neighbourhood portals that were launched in June have received positive reviews and 1800 unique visits. The remaining eight neighbourhood portals are in design phase.

Second stage consultation for the remaining neighbourhoods occurred in August. Community informed us they want a focus on safety, wellbeing, access and affordability, as well as valuing local connections. Six new neighbourhood grants have been awarded, aligned to priorities in CBD, Kensington, Carlton, Docklands and East Melbourne.

Two funding submissions, totaling \$680k, for a Changing Places Toilet Facility and universal design features for the Munro Library and Community Hub were submitted to The Victorian Government. The Disability Advisory Committee provided insights and advice to Major Initiatives 18 (Unique Events) and 12 (Greenline). A submission to the review of the Disability Standards for Accessible Public Transport was submitted to The Victoria Government.

Our progress and challenges

Time delays have impacted work on accessible and inclusive sports facilities due to latent site conditions, which are being addressed. The funding model for the North Melbourne Community Centre is being worked through with homes Victoria.

The major initiatives we're delivering this year	Council's role	Our progress
Increase and upgrade accessible, inclusive spaces for women in City of Melbourne sports facilities	Deliver	Off track
Implement a neighbourhood model by working with communities to develop neighbourhood plans and neighbourhood service centres that respond to the local community's existing and projected needs.	Deliver	On track
Deliver a revitalised library network, including pop-up libraries, to increase access for our diverse community and to help revitalise the city.	Deliver	On track
Deliver the Disability Access Plan 2020–2024 including ensuring our services and events are more accessible, increasing the number of accessible adult change facilities, and partnering with community and transport groups to make transport more accessible.	Deliver Partner	On track
Develop and deliver initiatives and programs that will provide food relief to vulnerable members of our community and improve local food production by supporting communities to grow their own food.	Deliver Partner Advocate	On track
As part of a new corporate strategy for the City of Melbourne, ensure our core services remain accessible and affordable.	Deliver	On track
In partnership with the Victorian Government commence construction on a replacement North Melbourne Community Centre precinct for the Melrose St community and growing Macaulay population.	Deliver Partner	Delayed
Deliver programs that will build digital literacy skills and capabilities, improve access to free Wi-Fi from our community facilities and advocate for appropriate digital infrastructure, to improve digital inclusion for all, particularly for vulnerable groups.	Deliver	On track
Create a new entity 'Homes Melbourne', to coordinate and facilitate more affordable housing for key workers and people on low-incomes and progress a demonstration project on Council-owned land, support the Make Room accommodation project and new homeless support hubs for vulnerable citizens to access essential support.	Partner	On track

How we're measuring progress over four years	Target outcome
Number of people sleeping rough who have not been offered accommodation.	Zero
Number of people supported through a range of accommodation including long-term supportive housing and affordable housing.	500 (by 2025)
Number of new demonstration social and affordable housing units facilitated on City of Melbourne land.	100 (by 2025)
Proportion of people reporting food insecurity.	25% reduction by (2025)
Proportion of people surveyed who participate in lifelong learning in the municipality.	Increase
Proportion of people surveyed who participate in arts and cultural activities in the municipality.	Increase

Over the next four years, we will plan and design for the safety and wellbeing of those who live, visit, work and do business in Melbourne, regardless of their background

Highlights for quarter one (July to September 2022)

A series of workshops ran in July and August as part of the Women's Safety and Empowerment Action Plan where community members discussed the challenges, expectations and limitations of gender stereotypes.

The Gender Equality Action Plan was approved by the Commission for Gender Equality and launched in September.

Operation Protocol (Salvation Army, Victoria Police and Local Laws) proactively patrolled on Monday, Wednesday and Friday, with reactive patrols on Tuesday and Thursday.

Victoria Police Local Safety Committees held quarterly meetings with businesses, residents and Council representatives to hear their issues and provide feedback on what they had been doing. City cleanliness, graffiti and safety continues to be a key focus.

The first 2 year Implementation Plan for the Inclusive Melbourne Strategy was completed and actions have commenced in each of the three priority areas. Development of a survey for recreation facilities to understand who is using our recreation centres to inform future programming to engage.

Development of a survey for Recreation facilities to understand who is using our recreation centers to inform future use and programming to engage underrepresented groups at our facilities.

Our progress and challenges

There are some minor delays associated with works around the Transport Amenity Program and City Road Masterplan. Progress towards achieving our four-year targets is on-track.

The major initiatives we're delivering this year	Council's role	Our progress
Continue to implement the Transport Strategy 2030 , including delivery of a protected bike lane network, station precincts, and streets for people, safer speed limits, and etcetera.	Advocate Partner Deliver	On track
Deliver the North and West Melbourne and Docklands Transport and Amenity Program in partnership with the Victorian Government.	Deliver Partner	Delayed
City of Melbourne will design and deliver the upgrades to the City Road northern undercroft by end of 2023-2024 and advocate for the full delivery of upgrades to the City Road East and West.	Deliver Advocate	Delayed
Adopt in 2021-22 and then implement an Inclusive Melbourne Strategy that will increase access to opportunities for all people who live, work, and study in and visit the city.	Deliver	On track
We will be a leading organisation on equality and inclusion and deliver programs in communities that will reduce physical and psychological harm to all people.	Deliver	On track
We will continue to work with Victoria Police and other agencies to deliver a range of initiatives that improve safety on the streets of Melbourne and within our communities.	Partner Deliver	On track
Deliver and maintain a clean city through the Rapid Response Clean Team initiative.	Deliver	On track
Engage and prepare residents and communities to enhance their resilience to hazards, disasters and the health impacts of climate change.	Deliver	On track

How we're measuring progress over four years	Target outcome
Proportion of people who report feeling safe in the city.	90% by day, 65% by night
Melburnians' self-reported sense of belonging to community.	At least 70 /100
Rate of recorded family violence incidents.	Decrease
Complaints of discrimination based on sexual orientation, sexuality, disability, sex, gender, race, religious or political beliefs or other grounds for unlawful discrimination.	Decrease
Proportion of adults who get adequate physical exercise.	Increase
Rate of ambulance attendance for alcohol and drug misuse in the municipality.	Decrease
Number of transport related injuries and fatalities.	Decrease
Proportion of trips made by public transport, bicycle or on foot.	Increase

Council Works Program quarter one summary report

Capital Works Portfolio FY2022-23

The Capital Projects Portfolio comprises programs and projects that the City of Melbourne delivers to achieve the initiatives set out in the Council Plan. To achieve the Council’s strategic objectives and respond to the many challenges faced by our municipality, such as population growth, climate change and the impacts of COVID-19, the Council endorsed a \$288 million Council works budget for FY22-23, the largest in council history.

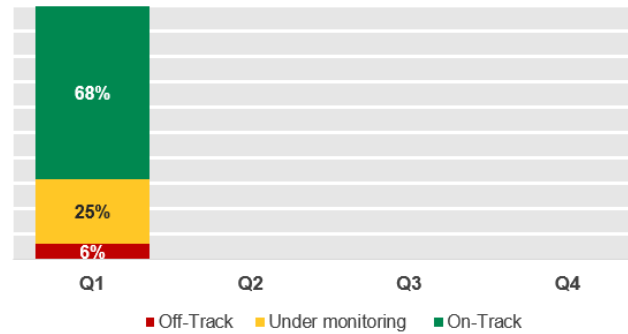
This budget incorporates \$274 million capital works (\$221 million new works and \$53 million renewals works), \$14 million maintenance works, and \$35 million approved carried forward from last year. Together, the current and following three years of the Council Works budget total almost \$863 million in the four-year cycle.

Highlights for quarter one (July to Sep 2022)


City of Melbourne has kicked off our largest capital work portfolio ever - delivering almost \$31 million works this quarter. This has not been without challenges, with the lasting effects of the pandemic still impacting supply chains, resourcing and material shortages, as well as high inflation. This has resulted in \$8.6 million variance from the planned budget.




We continue identifying opportunities to improve performance by bringing forward some of the activities planned for later this year.



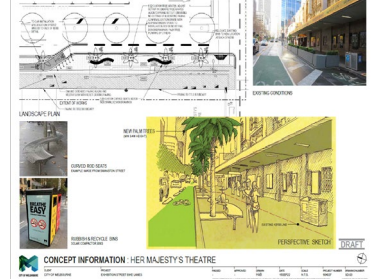
Quarterly Delivery Confidence Trend









- **On-Track** The latest result has achieved the targets for all measures.
- ▲ **Under Monitoring** The latest result experienced a minor miss in relation to one or more measures and is under monitoring.
- ◆ **Off-Track** There is a notable variation from the targeted result for one or more measures.


Project Title	Description	Quarterly Update	Completion Date	Project Photo
Southbank Boulevard	The Transforming Southbank Boulevard Project is progressing towards completion to convert this underutilised roadway into a series of public open spaces. The project is focussed on sustainable transport, open space, environmental outcomes, and reinforcing the cultural centre of Melbourne’s Arts Precinct. The project is comprised of six stages of work.	The play space located between Kavanagh St and Fawkner St is nearing completion, with the final play items and rubber surfacing in progress. Recent wet weather has delayed the completion of works. The play space is scheduled for completion by the end of October 2022. Budget: \$5,904,000 YTD Actuals: \$1,071,928	End of October 2022	

Project Title	Description	Quarterly Update Page 13 of 36	Completion Date	Project Photo
Melbourne City Baths Renewal Works	<p>Melbourne City Baths is an iconic heritage building in the heart of the CBD.</p> <p>External maintenance works being completed include replacement of skylights, turret refurbishment, and painting and tuck-point works. Planning works have commenced to identify the next tranche of works which include DDA review, compliance and safety improvements. Mechanical works in progress.</p>	<p>During September, the chlorine dosing system upgrades work and the air handling unit works have been completed.</p> <p>Installation of partitions in the showers is expected to be completed by November 2022. DDA design compliance works are in progress.</p> <p>Budget: \$900,000 YTD Actuals: \$50,460</p>	<p>June 2023</p>	
Melbourne Town Hall Renewal and Priority Roof Works	<p>Melbourne Town Hall requires drainage upgrades and façade repairs to eliminate leaks, which are causing damage to the building.</p> <p>Replacement of three mansard roofs and upgrades to guttering across both the Town Hall Roof and the Melbourne Town Hall administration building roof.</p>	<p>The roof works have reached practical completion, with painting defects to be undertaken to the internal balcony of the main hall.</p> <p>Mansard safe access works are due to be completed in October 2022.</p> <p>Budget: \$420,052 YTD Actuals: \$199,206</p>	<p>October 2022</p>	
Queen Victoria Market Precinct Renewal Program	<p>Guided by the 2015 Master Plan, the Queen Victoria Market Precinct Renewal (QVMPR) will secure the market's place as a traditional open air market, through heritage restoration, and provision of essential market infrastructure to improve the customer and trader experience. Alongside the heritage market, the renewal program will also deliver precinct improvements for the community, through quality open space, community services and facilities. Key projects in 2022-23 include: delivery of the new Food Hall, restoration of the heritage sheds start of construction of essential market infrastructure (Trader and Northern Sheds) the appointment of the Southern Site developer, progression of the design of Market Square, and precinct streetscape improvements.</p>	<p>Work has continued to progress on key market renewal projects, including:</p> <ul style="list-style-type: none"> • Shed Restoration: in mid-August 2022, fruit and vegetable traders returned to the newly refurbished Sheds A and B. This is a significant milestone with three-quarters of the sheds now restored. Works are now underway in Sheds E and F, and we are planning for the final stage in Sheds H and I. This project is on track for completion by mid-2023. • Food Hall: construction of the new food hall is progressing with major concrete works and the Victoria Street shopfront slate roof restoration is complete. Works to install the steel structure are now underway. As a result of the ongoing challenges facing the construction industry, the Food Hall is now set to open in 2023. • Market infrastructure: Ongoing planning for construction and management of daily market operations is continuing for works to commence in 2023. <p>Budget: \$50,000,000 YTD Actuals: \$4,149,414</p>	<p>September-2027</p>	




Project Title	Description	Quarterly Update Page 14 of 36	Completion Date	Project Photo
Kensington Community Recreation Centre redevelopment	<p>The City of Melbourne is committed to redeveloping the Kensington Community Recreation Centre to improve its facilities for the local community to include three new full-sized indoor multipurpose courts, health and wellness facilities, an eight-lane x 25 metre indoor pool, children's water play, three large flexible spaces suitable for a range of classes and community uses, and accessible change rooms. The budget for this multiyear project is \$51 million.</p>	<p>Since construction works were suspended in late May upon the discovery of asbestos-containing material and soil contamination post demolition. Soil remediation will be undertaken under strict controls to mitigate risks off-site. Once timelines for this work are confirmed, the project will communicate revised completion date to the community. CoM is currently working with the contractor to recommence on-site-works in the coming months.</p> <p>Budget: \$31,298,350 YTD Actuals: \$522,501</p>	<p>2023</p>	
Munro Library and Community Hub	<p>Deliver a revitalised library network, to increase access for our diverse community and to help revitalise the city. Identify and secure a location for a new city library. Finalise design plan and tender documentation. Award contract for building works.</p>	<p>The detailed design was completed in August. Procurement of the construction contractor is underway, and tender award is due in December 22.</p> <p>Budget: \$8,772,827 YTD Actuals: \$483,079</p>	<p>November-2023</p>	
Exhibition Street Bike Lane	<p>This project includes streetscape upgrades including the expansion of footpaths in front of the Rydges and Marriott Hotels and the Comedy and Her Majesty's Theatres for improved pedestrian connectivity. Street furniture will be installed. The project will also improve the urban tree canopy by increasing the number of trees on Exhibition Street.</p>	<p>Detailed design has been completed for tendering of the works in the second quarter of FY 2022/23. It is anticipated construction will commence in the fourth quarter of FY 2022/23 pending approvals from Department of Transport.</p> <p>Budget: \$3,220,500 YTD Actuals: \$8,000</p>	<p>December -2023</p>	
Cycle Infrastructure	<p>We are committed to making the City of Melbourne a bike friendly city. We are continuing cost effective treatments to accelerate the delivery of new kerbside protected bike lanes along strategic cycling routes. All designs will be approved by Department of Transport as trials and evaluated post implementation. The projects in this program will complete works in progress from 2020/21.</p>	<p>Designs for major projects such as Arden Street, Macaulay Road, Queensberry Street and Grattan Street are continuing. Coordination with DOT to finalise approvals for the designs is ongoing. Currently awaiting DOT design approval to build Royal Parade bike lane.</p> <p>Budget: \$7,229,577 YTD Actuals: \$286,689</p>	<p>June 2023</p>	









Project Title	Description	Quarterly Update	Completion Date	Project Photo
<p>Greenline</p>	<p>Partner with the Victorian Government and other stakeholders to deliver specific components of Greenline along the north bank of the Yarra River (including the implementation of the Yarra River–Birrarung Strategy).</p>	<p>The Greenline Business Case was endorsed by FMC on 6 September 2022. Community consultation is now complete on the draft concept design for the fast-tracked Birrarung Marr Precinct Site 1. Consultants have been engaged to support the delivery of a Cultural Values Assessment with the Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation. The Birrarung Trial Floating Wetlands will commence construction in December 2022, and the Seafarers Rest Park will commence construction in 2024 when the main Seafarers development is nearing completion.</p> <p>Budget: \$40,000,000 YTD Actuals: \$595,910</p>	<p>June-2030</p>	
<p>City Road Master Plan</p>	<p>The City Road master plan is a public realm plan that aims to improve the safety, amenity and environmental sustainability of City Road and adjacent spaces.</p>	<p>Draft concept designs for the new Northern Undercroft space have been completed and will be open for community consultation via Participate Melbourne as soon as an agreement with DOT regarding the use of the space is reached.</p> <p>Budget: \$2,000,000 YTD Actuals: \$15,000</p>	<p>June - 2024</p>	<p>Project is at concept design phase and still no photo or design illustration is available.</p>
<p>North and West Melbourne and Docklands Transport and Amenity Program</p>	<p>The North Melbourne, West Melbourne and Docklands Transport and Amenity Program (TAP) is a suite of streetscape improvement projects that will help alleviate some of the effects and leverage the benefits that the West Gate Tunnel Project will have on local and arterial roads in the City of Melbourne.</p>	<p>Council has progressed several projects within the program, including Dynon Road Shared User Path Upgrades and Provost and Little Provost Street Upgrades under construction. Also, Hawke Street Linear Park, Spencer Street North Masterplan, and Franklin Street Streetscape improvements are all in the design phase.</p> <p>Budget: \$3,000,000 YTD Actuals: \$34,282</p>	<p>December-2025</p>	
<p>Gateway to GMH Turner Street Works</p>	<p>From the \$4.68m building works stimulus grant, \$3.75m is allocated to the 'Gateway to GMH' project and funded from September 2020 to December 2022. The project comprises designing and constructing a bike path along Turner Street in Fishermans Bend. The funding will also cover greening, digital infrastructure and some creative place making if capital expenditure is applicable. The balance of this grant will fund operational costs.</p>	<p>Works are progressing on site including the site excavation and installation of underground digital infrastructure to support smart nodes and high-capacity connectivity. The site is being prepared for the installation of trial innovative materials, including locally-sourced recycled rubber permeable paving and recycled glass poured paving. Some delays have been experienced due to authority approvals, latent conditions and wet weather.</p> <p>Budget: \$3,245,942 YTD Actuals: \$433,025</p>	<p>Completion date December-2022</p>	

Project Title	Description	Quarterly Update Page 16 of 36	Completion Date	Project Photo
Southbank Promenade Stage 1	Stage 1 of Southbank Promenade stretches 300 metres along Southbank Promenade, between Princes Bridge and Evan Walker Bridge. The area has been prioritised because of the condition of trees, pavements, and longstanding issues with fast cyclist speeds. Due to pending multimillion-dollar Southgate development, Council decided in April 2021 to proceed with an early works package, limited to extension of the upper promenade on the west.	Works will be put on hold from October after an agreement was reached between City of Melbourne and the local traders to ensure works do not occur over the Christmas period. Works will recommence in April 2023. Budget: \$3,360,276 YTD Actuals: \$723,953	Revised Project completion date end of June 2022	
Riverslide skate park redevelopment	The Riverslide Skate park is an iconic space located in the Alexandra Gardens. It has been identified as needing replacement due to aging infrastructure and heavy use. The <i>Skate Melbourne Plan 2017-2027</i> lists updating the skate park as action 2.6. An extensive program of community consultation was conducted during 2019-20 to understand how the park is currently used, and what is required in the future redevelopment. The engagement concluded with development of a design brief.	Two reference group consultations have taken place. Comments of the two workshops have been analysed and are currently being incorporated towards the final schematic design. The schematic design of the toilet blocks has been drafted, and the same is under review and development towards the 100% stage. Officers have engaged different consultants to have their inputs incorporated through the development design stage. Budget: \$311,661 YTD Actuals: \$34,562.8	completion date November-2024	
North Melbourne Community Centre Redevelopment	This project is a Capital Works Major Initiative (MI 42) in 2021-22 and is the continuation of an API 2020-21. The purpose of this project is to ensure the services, indoor community activity space and outdoor recreation needs of the growing Macaulay population in the Melrose Precinct in North Melbourne are met while contributing to Council's affordable housing objectives.	Plans to redevelop the North Melbourne Community Centre are progressing. Community engagement conducted by the Recreation and Waterways branch on the issue of proposed changes to recreation services delivered at the centre was undertaken in this quarter. The insights from that process will be used to shape the form and content of the community engagement process for the proposed redevelopment. Budget: \$498,818 YTD Actuals: \$29,786	June-2026	Project is at option analysis and no photo or architectural render is available.
Waste and Resource Recovery Hub Expansion Program	Expanding the waste and resource recovery hub network across the central city is a key action of the City of Melbourne's ambitious Waste and Resource Recovery Strategy 2030. The strategy will move us towards a city that produces less waste and transforms the way we collect and processes waste. An additional two new communal waste and recycling hubs, plus an uplift in existing hubs for improved recycling options, will be introduced for city businesses to improve business recycling rates and divert waste from landfill. The new facilities will remove nearby private bins stored permanently in public space, reduce the number of waste collection vehicle movements in the	Community engagement on the first two new Hubs in the program continues. Bespoke technology and collection systems are being designed to meet the challenging laneway access, limited space and service requirements. It will be piloted as a world first in urban environments. Bicycle food waste collection service expansion continues to be successful. Diverted over 40tonnes of food waste from landfill since May 2022. Budget: \$1,447,113 YTD Actuals: \$120,329	June 2024	




Project Title	Description	Quarterly Update	Completion Date	Project Photo
	<p>central city and improve amenity of the surrounding area. It is anticipated the city will invest up to \$4.58 million over the life of this project.</p>			
<p>Dodds Street linear park, Southbank</p>	<p>Delivery of the Dodds street linear park, in conjunction with the Southbank Major Public Art Commission.</p> <p>The Dodds Street linear park will deliver an additional 2,700 m2 of open space in Southbank, and deliver on a number of Council strategies such as the overall Transforming Southbank Boulevard project, the Urban Forest Strategy and Precinct Plans, and Open Space Strategy. The open space works are being developed and delivered in coordination with a number of significant art pieces.</p>	<p>Tender evaluation is in progress and is scheduled for consideration by Council in late 2022. Construction commencement will be confirmed subject to Council approval, with work to commence in 2023.</p> <p>Budget: \$4,995,467 YTD Actuals: \$60,155</p>	<p>December 2023</p>	



Proposed Record of Program Adjustments 2022–23 - Quarter One

Symbols:  Budget increase
 New project or no change in the amount
 Budget reduction

Month	Project No.	Project Name	Council Approved Budget	Project Funding Source					Revised Budget	Adjustment Type	YTD Actual	Comments
				Council Funds	External Funds	Parking Levy	Public Open Space Funds	Grants				
Aug-22	21B1427N	Seafarers Rest Park	426,071	(396,071)	0	0	0	0	30,000		1,265	Funding adjustment due to Structural Remediation Works will be executed by the developer in 2023-24. \$30k is required for FY2022-23 for any unforeseen tasks.
Aug-22	22B2602M	Shrine Reserve - Hostile Vehicle Mitigation	0	0	1,100,000	0	0	0	1,100,000		13,284	The project is fully funded by Shrine for the design and construction of Hostile Vehicle Mitigation for the Shrine Reserve across FY2023-24 and FY2024-25. \$1.1m is required in FY2022-23 for conceptual design and construction drawings.
Aug-22	21B1503M	City Activation	0	0	0	0	0	733,000	733,000		977,625	State funding for works between Russell Street and Tattersalls Lane to enhance the visual appearance of the area and provide an open space for traders to set up dining facilities.
Aug-22	22B1305N	Cycle Infrastructure	4,000,000	3,229,577	0	0	0	0	7,229,577		587,881	The adjustment is to reinstate the surplus as of June 2022 \$3,229,577 per the Councillor's decision, and part of the surplus relates to unspent Parking Levy \$1,962,598.
Aug-22	22B5601M	Birrarung Trial Floating Wetland	40,000	565,000	0	0	0	0	605,000		51,087	Adjustment to realign accounting of unspent funding received from State Government in 2020-21, where funds were not set aside in the 2022-23 budget. Additional funding is required to complete community engagement, signage design, ecological features and fabrication of three site locations.
Aug-22	20B4416N	Community Sports Pavilion Upgrade - Western	0	105,300	0	0	0	0	105,300		2,591	Additional funding for works not identified in the project scope required to meet core functionality and operation of Western Pavilion works include Lighting and an additional gravel path.
Aug-22	21B1351N	Major Streetscape Improvements	0	395,525	0	0	0	0	395,525		0	Accounting adjustment to recognise \$395,525 unspent Parking Levy from 2021-22. It was required to code against 21B1351N, where the Parking Levy was allocated in 2021-22. And to offset the 2022-23 budget 22B1352N by unspent parking levy coded to 21B1351N.
Aug-22	22B1352N	Major Streetscape Improvements	6,300,000	0	0	(395,525)	0	0	5,904,475		145,547	Accounting adjustment to recognise \$395,525 unspent Parking Levy from 2021-22. It was required to code against 21B1351N, where the Parking Levy was allocated in 2021-22. Adjustment to offset 2022-23 budget 22B1352N by the unspent parking levy coded to 21B1351N.

Proposed Record of Program Adjustments 2022–23 - Quarter One

Symbols:  Budget increase
 New project or no change in the amount
 Budget reduction

Month	Project No.	Project Name	Council Approved Budget	Project Funding Source					Revised Budget	Adjustment Type	YTD Actual	Comments
				Council Funds	External Funds	Parking Levy	Public Open Space Funds	Grants				
Aug-22	22B1309R	Footpath Renewal	5,384,500	(395,525)	0	395,525	0	0	5,384,500		3,097,118	To maintain overall \$7m Parking Levy funding per annum, the project is recommended for Accounting Adjustment to increase the Parking Levy funding by \$395,525 and consequently, Council funding will be reduced by the same amount. Overall no change to the original approved budget.
Aug-22	22B2802M	Make Room Refurbishment	7,000,000	3,000,000	0	0	0	(3,000,000)	7,000,000		1,500,170	The funding source adjustment is due to unforeseen delays in the delivery of Make Room. As a result, receipt of \$3m in funding has been forwarded from 2022-23 to 2023-24 and it is anticipated that CoM will fund the shortfall per the agreement. This will only be required if there are gaps in the level of philanthropic donations received for the project.
Total Adjustment			23,150,571	6,503,806	1,100,000	0	0	(2,267,000)	28,487,377		6,376,567	

Financial Performance Report and Budget 2022–23 quarter one

Purpose and background

1. The purpose of this report by the Chief Executive Officer (CEO), is to inform Council of its financial performance for the first quarter ending 30 September 2022 in accordance with the *Local Government Act 2020* (the Act) and to provide information on supplementary valuations adopted under delegation (refer **Attachment 8 and 9**).
2. The result from ordinary activities for the first quarter ending 30 September 2022 is an underlying net surplus of \$10.1 million versus a budget of \$7.5 million. The favourable variance of \$2.6 million is mainly driven by the timing of monetary contributions for public open space (\$4.4 million), timing of materials and services spend (\$1.6 million) and lower employee costs (\$1.6 million), which has been partially offset by reduced parking fine infringements issuance (\$2.8 million), and reduced operating grant income (\$2.6 million).

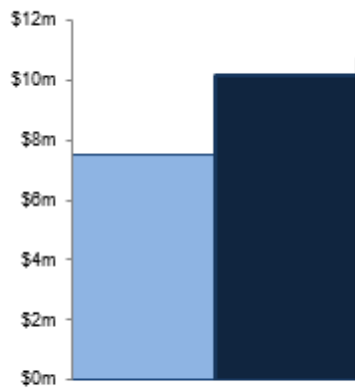
Key issues

3. As at 30 September, Council's total cash balance was \$49 million (FY2021–22: \$102 million) and borrowings were \$20 million. It is forecast that Council will have lower cash balances to rely on this year compared to prior years and will need to rely on borrowing in accordance with its approved Budget to fund its operating and major capital works requirements.
4. A detailed analysis of revenue and expenditure is included in **Attachment 7**.

FINANCIAL PERFORMANCE REPORT

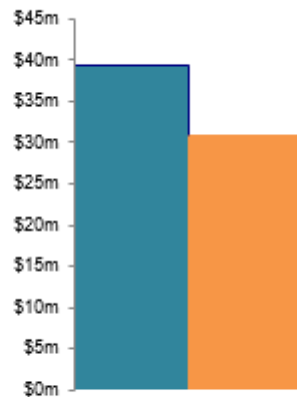
September 2022–23

Underlying Surplus/(Deficit)



■ YTD Budget	\$7.5m
■ YTD Actual	\$10.1m
YTD Variance	\$2.6m

Council Works Program



■ YTD Budget	\$39.4m
■ YTD Actual	\$30.7m
YTD Variance	\$8.6m

Table of Contents

	Page
Executive Summary	2
Balance Sheet	5
Cash Flow Statement	7
Income Statement	9
Council Works – Expenditure	12
Investment Portfolio Performance	13
Public Open Space Contribution	14

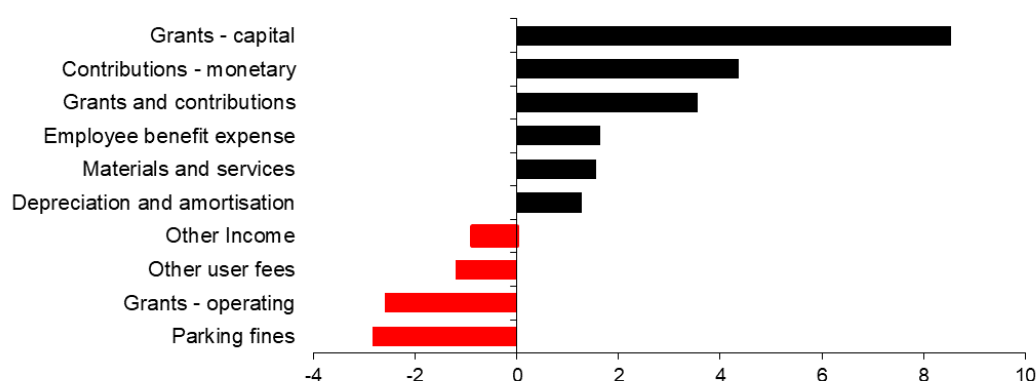
Executive Summary

Underlying Operating Results:

2021-22 Actual	2022-23 Budget	\$ Thousands	FY 2022-23 (\$'000)		
			Budget	Actual	Variance
527,717	597,303	Revenue	146,241	153,146	6,904
483,702	557,383	Operating Expenditure	124,995	116,200	8,794
44,015	39,920	Results from Ordinary Activities	21,246	36,946	15,698
23,605	4,524	Net gain/(loss) on disposal of property, infra, plant and equip	250	(40)	(290)
5,378	0	Fair value adjustments for investment properties	0	0	0
0	0	Contributions - non monetary	0	0	0
0	0	Writedown on Investment	0	0	0
72,998	44,444	Profit/(Loss)	21,496	36,906	15,409
(61,160)	(56,160)	Less External Contributions to Capital	(13,751)	(26,817)	(13,066)
(5,378)	0	Less Gain on Investment Revaluation	0	0	0
0	0	Less Contributed Assets	0	0	0
(23,605)	(4,524)	Less Gain on disposal of asset	(250)	40	290
(17,145)	(16,240)	Underlying Surplus/(Deficit)	7,495	10,129	2,634

Key Financial Variances:

Top 10 Variances (\$millions)



The YTD September 2022–23 result (excluding gain on disposal of properties) was an underlying surplus of \$10.1 million, \$2.6 million favourable versus Budget.

The favourable variances are due to:

- Grants – capital (\$8.5 million favourable) due mainly to carried over capital grants revenue from FY2021–22 (capital revenue is excluded from underlying surplus)
- Contributions - monetary (\$4.4 million favourable) as a result higher Public Open Space contributions (capital revenue is excluded from underlying surplus)
- Grants and contributions (\$3.6 million favourable) as a result of Melbourne City Revitalization Fund spent in other expenditure categories
- Employee Benefit expense (\$1.6 million favourable) due to vacant positions being held across the organisation; and
- Materials and services (\$1.6 million favourable) due mainly to lower overall administration and digital license/subscriptions expenses.

Partially offset by:

- Parking Fines (\$2.8 million unfavourable) driven by lower than Budget infringements volumes
- Operating Grants (\$2.6 million unfavourable) due to the timing of Home Melbourne grants income; and

- Other User Fees (\$1.2 million unfavourable) due to lower building service fees as a result of rate difference from FY2021–22 applications and lower volumes.

Council Works Program

The value of works completed YTD is \$30.7 million, \$8.7 million lower than budget of \$39.4 million Budget as a result of building industry related delays affecting construction during the first quarter of the year.

Borrowings & Liquidity position

As at 30 September, City of Melbourne (CoM's) total cash balance was \$49 million (FY2021–22: \$102 million) which was higher than forecast. Council drew \$30 million in loans in the month of July, and due to above forecast receipts in rates and other revenue, and slightly lower than expected expenditure, has not required any further drawings. The first drawing of \$10 million was repaid on 27th September, leaving a loans balance of \$20 million at the end of the first quarter. Given capital expenditure is below budget for the first quarter, borrowings are expected to increase in the second half of the year.

Balance Sheet

Prior Year 2021-22 Actual (\$'000)	Balance Sheet	Current Year Sep-22 Actual (\$'000)	Movement 2022-23 Actual (\$'000)
	Assets		
	Current Assets		
39,800	<i>Ref 1</i> Cash and cash equivalents	49,411	9,611
32,146	<i>Ref 2</i> Trade and other receivables	357,496	325,350
0	Other financial assets	0	0
13,853	<i>Ref 3</i> Other assets	10,308	(3,545)
85,799	Total Current Assets	417,215	331,416
	Non current assets		
33,717	Other financial assets	33,875	158
26,356	Investment in subsidiaries and trust	26,356	0
4,488,465	<i>Ref 7</i> Property, infrastructure, plant and equipment	4,495,851	7,386
227,978	<i>Ref 7</i> Investment property	227,978	0
43,699	<i>Ref 7</i> Intangible assets	43,352	(347)
5,868	Right of Use Asset	5,319	(549)
4,826,083	Total Non-Current Assets	4,832,731	6,648
4,911,882	TOTAL ASSETS	5,249,946	338,064
	Liabilities		
	Current Liabilities		
(89,846)	<i>Ref 4</i> Trade and other payables	(300,308)	(210,462)
(13,653)	<i>Ref 5</i> Trust funds and deposits	(84,286)	(70,633)
(41,100)	Provisions	(41,543)	(443)
(1,649)	Lease Liability	(1,409)	240
0	<i>Ref 6</i> Interest-bearing loans and borrowing	(20,000)	(20,000)
(146,248)	Total Current Liabilities	(447,546)	(301,298)
	Non- current Liabilities		
(4,050)	Provisions	(4,050)	0
0	Interest-bearing loans and borrowings	0	0
(1,617)	Trust funds and deposits	(1,775)	(158)
(4,510)	Lease Liability	(4,211)	299
(10,177)	Total Non-Current Liabilities	(10,036)	141
(156,425)	TOTAL LIABILITIES	(457,581)	(301,156)
4,755,458	NET ASSETS	4,792,366	36,908
	Equity		
(2,167,017)	Accumulated Surplus	(2,194,939)	(27,922)
(2,588,441)	Reserves	(2,597,427)	(8,985)
(4,755,458)	TOTAL EQUITY	(4,792,366)	(36,908)

Balance Sheet

Comparison to June 2022 Actual

1. The increase in cash and cash equivalents to \$49 million is due to a combination of higher than expected rates and other revenue received, lower expenditure, and \$20 million in borrowings as at 30th September.
2. The increase in trade and other receivables is a result of increases in Debtors Rates (\$295.5 million), Fire Service Levy Debtors (\$58.8 million), and Other Debtors (\$8.8 million). This will decrease through the year as rates and the fire services levies are paid.
3. The decrease in other assets is due to the recognition of Citywide dividends, and the decrease in Prepayments for insurance premiums.
4. Trade and other payables have increased due to Rates in advance (\$256.9 million), and current accruals (\$31.2 million), which has been partially offset by a reduction in creditors (\$7.2 million).
5. Trust funds and deposits are higher due to Fire Service Levy payable (\$75.7 million).
6. Interest-bearing loans and borrowings have been used in the first quarter, and are just below the budgeted balance at \$20 million.
7. The net movement in infrastructure, property plant and equipment, investment property assets, and intangible assets of \$7.0 million includes value of works accruals taken up during the quarter.

Cash Flow Statement

2021-22 Actual (\$'000)	Statement of Cash Flows	2022-23 Actual (\$'000)
	Cashflows from Operating Activities	
	Receipts	
325,964	Rates and charges	69,468
42,211	Statutory fees and fines	13,563
57,904	User fees	22,634
27,420	Grants - operating	2,981
25,874	Grants - capital	2,675
2,543	Contributions - monetary	1,464
392	Interest	130
25	Dividends	0
124	Trust funds and deposits taken	16,465
12,770	Other receipts	2,420
4,649	Contributions on Public Open Spaces (Reserve)	9,962
499,876		141,761
	Payments	
(186,195)	Employee Costs	(43,989)
(233,275)	Materials & Services	(66,788)
(44,225)	Other Payments	(5,611)
(463,695)		(116,387)
36,181	Net Cash Inflow / (Outflow) from Operating Activities	25,374
	Cashflows from Investing Activities	
(128,676)	Payments for property, infrastructure, plant & equipment	(34,978)
(46,415)	Purchase of Munro Community Hub	0
7,404	Proceeds from sale of property, infrastructure, plant & equipment	(40)
0	Compensation for City Square	0
30,000	TD Deposit Reclassification	0
0	Loan to QVM	0
(137,687)	Net Cash Inflow / (Outflow) from Investing Activities	(35,018)
	Cashflows from Financing Activities	
0	Proceeds of borrowings	20,000
(91)	Finance Costs	(144)
0	Repayments of borrowings	0
(189)	Interest paid - Lease Liability	(43)
(2,285)	Repayment of Lease Liability	(558)
(2,565)	Net Cash Inflow / (Outflow) from Financing Activities	19,255
(104,071)	Net Cash Inflow / (Outflow) from all Activities	9,611
143,871	Cash at beginning of the financial period	39,800
39,800	Cash at the end of Sep-22	49,411
(104,071)	Movement in cash equivalents	9,611

2021-22 Actual (\$'000)	Statement of Cash Flow (reconciliation)	2022-23 Actual (\$'000)
(19,778)	Net Surplus (exc Public Open Space Contributions)	26,946
	Add Back Non-Cash Items	
78,098	Depreciation/Amortisation	19,716
4,937	WIP Write Off	0
(5,223)	Fair value adjustments for investment property	0
(2,176)	Profit/(loss) on disposal of property, plant and equipment	40
55,858	Operating Surplus/(Deficit) before Non cash items	46,702
(26,876)	Net Movement in Working Capital	(52,073)
(128,689)	Capital Expenditure	(34,938)
(46,415)	Purchase of Munro Community Hub	0
0	Proceeds from Borrowings	20,000
7,404	Proceeds from sale of assets	(40)
4,649	Contributions on Public Open Spaces (Reserve)	9,962
30,000	TD Deposit Reclassification	0
(104,071)	Net Cash inflow/(outflow)	9,611

For year 2022–23, Council has a total cash inflow of \$9.6 million which is primarily comprised of:

- An operating surplus of \$46.7 million
- A net outflow of working capital of \$52.1 million
- Capital expenditure of \$34.9 million
- Proceeds from Borrowings of \$20.0 million
- Public Open Space Contributions of \$10.0 million.

Income Statement

2021-22 (\$'000)	2022-23 (\$'000)	Income Statement		FY 2022-23 (\$'000)		
				Budget	Actual	Variance
			REVENUE			
325,869	345,618	Ref 3.1	Rates and charges	89,185	89,741	556
			Statutory fees and fines			
24,068	41,060	Ref 3.2	Parking fines	10,435	7,598	(2,837)
12,400	11,634	Ref 3.3	Other	3,194	3,714	520
			User fees			
38,995	47,111	Ref 3.4	Parking	10,494	10,924	430
17,932	29,566	Ref 3.5	Other	6,543	5,344	(1,199)
50,221	44,965	Ref 3.6	Grants - operating	8,056	5,467	(2,589)
17,905	42,110	Ref 3.7	Grants - capital	7,842	16,382	8,540
7,192	16,854	Ref 3.8	Contributions - monetary	7,054	11,426	4,372
17,188	18,385	Ref 3.9	Other income	3,438	2,550	(888)
511,770	597,303		Total Revenue	146,241	153,146	6,905
			EXPENDITURE			
178,205	194,835	Ref 4.1	Employee benefit expense	43,305	41,673	1,632
222,549	209,480	Ref 4.2	Materials and services	47,016	45,464	1,552
8,047	13,396	Ref 4.3	Bad and doubtful debts	3,406	2,991	415
78,098	83,947	Ref 4.4	Depreciation and amortisation	20,987	19,716	1,271
91	2,400		Borrowing Costs	355	144	211
10,707	11,463		Other expenses	2,328	2,174	154
36,600	41,862	Ref 4.5	Grants and contributions	7,597	4,038	3,559
0	0		Impairment Loss	0	0	0
534,297	557,383		Total Operating Expenditure	124,995	116,200	8,794
2,176	4,524		Net gain/(loss) on disposal of property, infra, plant and equip	250	(40)	(290)
5,223	0		Fair value adjustments for investment properties	0	0	0
0	0		Contributions - non monetary	0	0	0
0	0		Writedown on Investment	0	0	0
(15,128)	44,444		Profit/(Loss)	21,496	36,906	15,409
(22,604)	(56,160)		Less External Contributions to Capital	(13,751)	(26,817)	(13,066)
(5,223)	0		Less Gain on Investment Revaluation	0	0	0
0	0		Less Contributed Assets	0	0	0
(2,176)	(4,524)		Less Gain on disposal of asset	(250)	40	290
(45,132)	(16,240)		Underlying Surplus/(Deficit)	7,495	10,129	2,634

Analysis of Revenue Variances

Budget \$146.2m	Actual \$153.1m	Variance \$6.9m favourable
------------------------	------------------------	-----------------------------------

3.1 Rates and charges **0.6% Variance** **\$0.6m Unfav**

This favourable variance is due to higher waste management supplementary valuations.

3.2 Parking fines **-27.2% Variance** **\$2.8m Unfav**

Parking infringements are unfavourable driven by lower than expected infringements volumes issued.

3.3 Other statutory fees and fines **16.3% Variance** **\$0.5m Fav**

This favourable variance is due to \$0.2 million higher than expected construction Zone permits fees and \$0.2 million election fines settlements.

3.4 Parking fees **4.1% Variance** **\$0.4m Fav**

This favourable variance is due to \$0.2 million COM car parks revenue and \$0.2 reserved parking fees which are a result of increased number of city events.

3.5 Other user fees **-18.3% Variance** **\$1.2m Unfav**

This unfavourable variance is due mainly to \$1.4 million lower building services fees as a result of lower than expected volumes and lower rate for space occupancy rental income.

3.6 Grants – operating **-32.1% Variance** **\$2.6m Unfav**

This unfavourable variance is due to \$3.0 million less in relation to the timing of Home Melbourne grants which is partially offset by additional funds for neighbourhood batteries project (\$0.3m).

3.7 Grants – capital **18.9% Variance** **\$8.5m Fav**

This favourable variance relates to:

- \$2.4 million Local Roads and Community Infrastructure Program
- \$1.5 million Advancing Stormwater Harvesting Project
- \$2.9 million Public Art grants; *and*
- \$1.4 million Digital Permit Project.

3.8 Contributions – monetary **62.0% Variance** **\$4.3 Fav**

This favourable variance is due to \$4.1 million higher Public Open Space funds and \$0.4 million external contributions from Shrine of Remembrance for the Shrine Reserve.

3.9 Other income **-25.8% Variance** **\$0.9m Unfav**

This unfavourable variance comprises \$0.6 million lower commercial rent revenue and \$0.7 million lower City Wide revenue which is partially offset by \$0.4 million legal orders recoveries.

Analysis of Expense Variances

Budget \$125.0m	Actual \$116.2m	Variance \$8.8m	Favourable
------------------------	------------------------	------------------------	-------------------

4.1 Employee benefit expense **3.8% Variance** **\$1.6m Fav**

This favourable variance is largely due to vacant positions across Council.

4.2 Materials & Services **3.3% Variance** **\$1.6m Fav**

Variances of note have occurred in the following categories:

- Admin/Supplies \$0.9 million favourable;
- Information Technology \$0.5 million favourable; and
- Insurance \$0.4million favourable

Admin/Supplies (favourable \$0.9 million) due to lower overall administration costs.

Information Technology (favourable \$0.5 million) due mainly to timing of licenses/subscriptions expenditure.

Insurance (favourable \$0.4 million) due mainly to lower year to date insurance claims provision.

4.3 Bad and doubtful debts **12.2% Variance** **\$0.4m Fav**

This favourable variance is consistent with lower parking infringement notice (PINs) revenue.

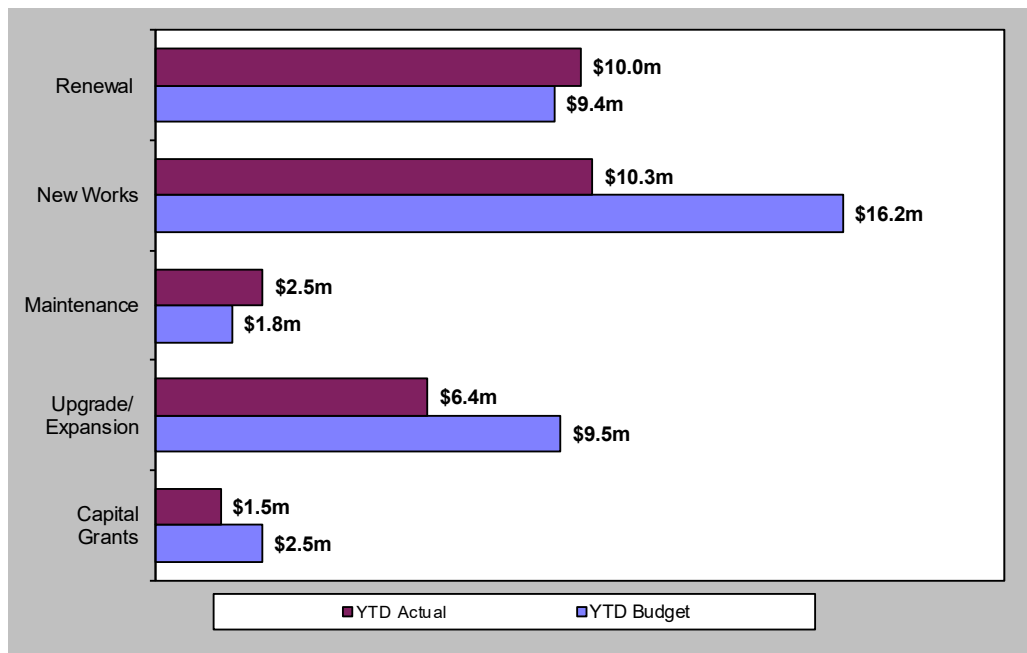
4.4 Depreciation and amortisation **6.1% Variance** **\$1.3m Fav**

This favourable variance is driven by the capitalisation timing of capital projects.

4.5 Grants and contributions **46.8% Variance** **\$3.6 Fav**

This favourable variance relates to \$2.7 million Melbourne City Revitalization Fund being spent in other expense categories and \$0.5 million timing of city economy grants payments.

Council Works – Expenditure



Period: Sep-22

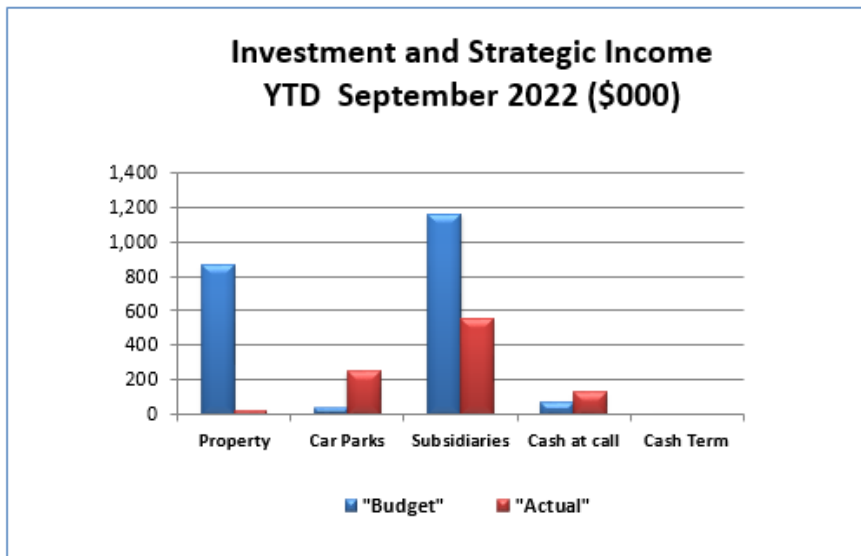
Council Works Area	2021-22 (\$'000)		
	Budget	Actual	Variance
Maintenance			
Capital Grants	2,500	1,513	987
Maintenance	1,782	2,519	(737)
Total Maintenance	4,282	4,032	249
Capital Works			
Expansion	1,024	1,026	(2)
Upgrade	8,517	5,380	3,137
New Works	16,191	10,297	5,894
Renewal	9,386	10,016	(630)
Total Capital Expenditure	35,118	26,718	8,400
Total Council Works Program	39,400	30,750	8,650

Council Works YTD \$30.7m versus Budget \$39.4m (\$8.7m underspend). State Government restrictions on the number of workers on construction sites, and the construction shutdown in September have impacted on COM's delivery through the first quarter of the year

Investment Portfolio Performance

The Investment Portfolio returned \$1.0 million for the first quarter of the financial year 2022–23, \$1.2 million below the YTD Budget of \$2.1 million. The total budget for return on Investment Portfolio for FY2022–23 is \$11.9 million.

- Investment Properties - YTD returned \$0.8 million unfavourable against Budget due to lower than expected revenue, mainly as a result of rent relief provided.
- Car Parks – overall favourable against YTD budget by \$0.2m from Council House and Elgin St, with revenue higher than budget by \$146k and \$67k respectively.
- Citywide – YTD returned \$0.6 million unfavourable to budget due to lower than expected income taxes for the quarter.
- Cash Investments – YTD interest income was favourable by \$57K due to higher than forecast cash balances as a result of higher receipts and lower payments for the quarter.



Public Open Space Contributions

DATE PAID	SUBDIVISION REG. NO	ADDRESS OF DEVELOPMENT	SUBURB	Contribution Amount \$
25/07/2022	SA-2019-100	310-326 Exhibition Street	MELBOURNE	\$6,354,000
12/08/2022	SA-2021-43	383-399 Macaulay Road	KENSINGTON	\$416,540
06/09/2022	SA-2021-81	413-427 Macaulay Road	KENSINGTON	\$367,120
16/09/2022	SA-2021-47	13-23 Spring Street	MELBOURNE	\$2,824,000
			Total	\$9,961,660

SUPPLEMENTARY VALUATIONS REPORT

Supplementary valuations are undertaken for a variety of reasons and these are prescribed in the *Valuation of Land Act 1960 (VLA)*. Pursuant to the Council resolution of February 2013, supplementary valuations are returned to the Chief Executive Officer and reported quarterly to Council.

In the July to September 2022 quarter, there was one supplementary valuation return; the total of this return is as follows:

Supplementary Valuations	2022-23 Annual Budget	2022 Jul-Sep	Comments
General Rates			
Exemptions	-\$600,000	-\$439,466.51	Predominantly due to the Vic Govt. purchasing the County Court buildings from developers
Objections	\$1,200,000	-\$441.65	Forecast will be provided once the objection period closes.
New Rates	\$4,000,000	\$3,192,880.45	Potentially will exceed the \$4M budget. Reasons: exempt properties becoming rateable, VGV correction to valuation drivers and adjustments for prior year building improvements.
		\$2,752,972.29	
Waste Services Charges			
Exemptions		-\$64,741.62	The additional \$819K in waste charges comprises of approx. 50% new rates and 50% from waste audit corrections.
Objections		\$3,930.48	
New Rates		\$880,730.05	
		\$819,918.91	
Total		\$3,572,891.20	

As detailed above the net effect of supplementary valuations is an increase of \$3.5 million in general rates and waste service charges for the July to September 2022 quarter.

The financial impact of each category is detailed in Attachment 9.

Overview of supplementary valuation returns

Category	Address	Effective Date	2022-23 Rates	2022-23 Waste	Total	2022 NAV Change	Comments
30 June 2022 Return (processed in Aug 2022)							
EXEMPTIONS	Victorian County Court 240-278 William Street MELBOURNE	01 Jul 2022	(\$391,105.60)	(\$62,717.95)	(\$453,823.55)	\$9,752,500	Building now owned by the County Court Victoria
	7-11 Hosier Lane MELBOURNE	01 Jul 2021	(\$23,303.55)	(\$378.00)	(\$23,681.55)		Occupied by charitable body
	98 Abbotsford Street WEST MELBOURNE	01 Jul 2021	(\$21,500.62)	(\$1,402.37)	(\$22,902.99)		Occupied by charitable body
	Balance of smaller Exemptions		(\$3,556.74)	(\$243.30)	(\$3,800.04)		
	Total Exemptions		(\$439,466.51)	(\$64,741.62)	(\$504,208.13)	\$9,752,500	
OBJECTIONS	Unit 2, 1 Bedford Place NORTH MELBOURNE	01 Jul 2021	(\$441.65)	\$0.00	(\$441.65)		VCAT or Court Order
	Balance of smaller Objections		\$0.00	\$3,930.48	\$3,930.48		
	Total Objections		(\$441.65)	\$3,930.48	\$3,488.83	\$0	
NEW RATES	393-403 Bourke Street MELBOURNE	01 Jul 2022	\$989,733.89	(\$9,221.28)	\$980,512.61	\$23,388,800	Construction of an office tower
	113-149 Exhibition Street MELBOURNE	01 Jul 2022	\$517,730.26	\$83,023.60	\$600,753.86	\$12,284,500	Change in occupancy
	611-669 Elizabeth Street MELBOURNE	01 Jul 2022	\$295,251.02	\$41,652.02	\$336,903.04	\$7,005,600	Construction of office/retail building
	256-258 City Road SOUTHBANK	01 Jul 2022	\$284,482.03	\$67,271.62	\$351,753.65	\$7,989,350	Construction of a built to rent residential development
	300-316 Flinders Street MELBOURNE	01 Jul 2022	\$214,020.74	\$27,124.84	\$241,145.58	\$1,167,500	Vic Uni vacated, now rateable
	1-11 Aquitania Way DOCKLANDS	01 Jul 2022	\$190,624.94	\$53,011.49	\$243,636.43	\$5,247,150	Construction of 166 residential units and retail development
	308-336 Collins Street MELBOURNE	01 Jul 2022	\$101,622.09	\$16,296.24	\$117,918.33	\$2,411,250	Corrections to valuation drivers
	Balance of smaller New Rates		\$599,415.48	\$601,571.52	\$1,200,987.00	\$14,878,965	
	Total New Rates		\$3,192,880.45	\$880,730.05	\$4,073,610.50	\$74,373,115	
TOTAL			\$2,752,972.29	\$819,918.91	\$3,572,891.20	\$84,125,615	