

Management report to Council

Agenda item 6.2

Quarterly performance reporting – Council Plan Major Initiatives, Finances and Capital Program

Council

Presenter: Justin Hanney, Chief Executive Officer

23 November 2021

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*.

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 2021-2022.
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. Melbourne was subject to COVID-19 lockdown restrictions for the majority of this reporting period. Despite this, delivery of our Council Plan 2021-2025 has commenced and one major initiative has been completed.
5. Achievements in the delivery of the Council Plan 2021-2025 for this quarter include supporting the Council Plan objective 'Economy of the Future' through providing \$2.5 million in funding for around 60 events in 2022 and the continued delivery of our Flash Forward laneways program. In addition, supporting the objective '*Melbourne's Unique Identity and Place*', community engagement was undertaken on the Draft Greenline Implementation Plan. Finally, supporting the objective of '*Access and Affordability*' the Make Room housing project secured \$9 million in funding from the Victorian Government.
6. The Council Works Program 2021-2022 is the largest and most significant in Council's history. COVID - 19 shutdown restrictions in the construction industry had a material impact on the delivery of our Council Works program in this quarter, resulting in a \$7 million variance from forecast.
7. Achievements in the delivery of our Council Works Program for this quarter include the completion of streetscape improvements on Elizabeth Street (between Flinders and Little Collins Street) resulting in a

much improved visitor experience through wider footpaths and the commencement of construction for the Queen Victoria Market Pop Up Park.

8. The YTD Financial Performance result to end September 2021 resulted in an underlying surplus of \$6.0 million, \$4.6 million favourable versus budget. The COVID-19 impacts on revenue continue to be felt with an estimated reduction of \$19.4 million in revenue (compared with normal business environment).
9. A revised year-end forecast will be considered by Council in the next quarterly report once Covid impacts on revenue are fully understood.

Recommendation from management

10. That Council:
 - 10.1. Notes the Council Plan 2021-2025 quarter one summary report and performance report (Attachments 2 & 3) and the proposal to publish this information on a quarterly basis on the City of Melbourne website, authorising the Chief Executive Officer to make any further minor editorial changes to the report prior to publication.
 - 10.2. Notes the 2021-2022 Council Works Program quarter one summary report (Attachment 4)
 - 10.3. Endorses phasing adjustments from FY2021/22 to FY2022/23 (Attachment 5) proposed by management (within the overall adopted budget funding envelope) in the Council Works Program, as follows
 - 10.3.1. Make Room (Project 20B0901N) from \$9,356,065 to \$1,000,000.
 - 10.3.2. Queen Victoria Market Precinct Renewal Project (QVMPR) (Project 14G1301N) from \$50,191,117 to \$42,670,401.
 - 10.3.3. North and West Melbourne and Docklands Transport + Amenity Program (TAP) (Project 20B2301N) from \$6,500,000 to \$2,000,000.
 - 10.3.4. St Kilda Road – Metro Bike Lanes (Project 21B1367N) from \$5,000,000 to \$0.
 - 10.4. Approves program adjustments in the Council Works Program, within the overall adopted budget funding envelope, as follows (Attachment 5):
 - 10.4.1. New budget allocation for –
 - 10.4.1.1. Fawkner Park Pasley Street North Entrance Improvement Works (Project 19B3336N) - \$1,580,000
 - 10.4.1.2. Laneway Waste Management (Project 21B1803N) - \$400,000
 - 10.4.1.3. Community Sports Pavilion Upgrade (Ryder Pavilion) (Project 21B4426N) - \$400,000
 - 10.4.1.4. Event Fence Branding Wrap (Project 21B5113N) - \$110,000
 - 10.4.1.5. Chinatown Illuminated Rectangular Mesh Panels (Project 21B2515N) - \$84,570
 - 10.4.1.6. Melbourne Music Week – Hub venues theming and signage (Project 21B5112N) - \$65,000
 - 10.4.2. Additional budget for –
 - 10.4.2.1. Pump Station Upgrade – Stubbs Street (Project 19B1355N) – from \$4,200,000 to \$5,500,000
 - 10.4.2.2. Major Streetscape Improvements to footpaths (Project 21B1351N) – from \$2,970,000 to \$3,470,000

10.4.2.3. Elizabeth St Streetscapes Improvements (Project 19B2601N) – from \$363,000 to \$663,000

10.4.2.4. Advance Stormwater Harvesting (Project 21B1366N) – from \$100,000 to \$160,000

10.5. Notes funding and accounting adjustments for –

10.5.1. Birrarung Trial Floating Wetland (Project 21B2513M) – reduction in grant funding by \$600,000 and increase in council funding by \$638,746.

10.5.2. Cycle Infrastructure (Project 19B1373N) – transfer from budget 20B1329N to 19B1373N of \$740,000.

10.5.3. New Drainage Infrastructure (Project 21B1350N) reduction from \$310,000 to \$70,000 and Drains Renewal (Project 21B1339R) from \$2,007,000 to \$1,718,599 to fund, in part, the increase in Pump Station Upgrade – Stubbs Street (Project 19B1355N).

10.5.4. Allocation of council funding in lieu of grant funding for Widen Footpath in Overcrowded Streets (Project 20B1347N) (\$445,000) and Improve Pedestrian Priority in Little Streets (Project 21B1365N) (\$310,000), both within approved budget.

10.6. Notes the 2021-22 quarter one Financial Performance Report and the current forecast (Attachments 6 to 9).

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 one summary report July to September 2021**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. Subject to Council agreement, the City of Melbourne will begin providing a quarterly public report on its progress of implementation of major initiatives under each Council strategic objective. This will allow the Council to provide a transparent, 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 2021 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. Out of the 52 major initiatives in the Council Plan, 46 are being reported for quarter one of 2021–22. With the exception of two initiatives identified as amber (delayed), the rest are on track.
7. The final public quarterly reports 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 2021)

Activation efforts have continued across many initiatives, including the progress of the Flash Forward laneways project and the Shopfront Activation initiative. The Melbourne Money dining rebate scheme, delivered in partnership with the Victorian Government, generated \$40 million in economic activity for the city, with more than 270,000 rebate claims approved.

City of Melbourne's Business Concierge service provided support to businesses of all sizes across the municipality, with 4,651 interactions with businesses in this quarter.

An exciting line up of events and initiatives are planned in Melbourne to entice people back to the city and boost the local economy, as soon as COVID-19 restrictions allow.

The City of Melbourne is contributing more than \$2.5 million in funding, and an additional \$300,000 in in-kind support, for around 60 events in 2022, including Melbourne International Flower and Garden Show; the NGV Kids' Summer Festival and the Not-so-Silent Cinema



Our progress

No significant issues have impacted on our progress this quarter towards meeting our target outcomes.

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.	Partner	Not started
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.	Partner Deliver	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	Not started
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 2021)

The Draft Greenline Implementation Plan was launched in August, and community consultation on the project has also begun. This is a city-shaping project that will transform the face of the north bank of the Yarra-Birrarung.

City of Melbourne continues to work with the Victorian Government on maritime heritage initiatives, and the Mission to Seafarers project progressed in this quarter.

City of Melbourne was pleased to unveil its newest play-space at Lincoln Square in September and secured land in Kensington to develop further open space in the future.

Work is under way to establish a new pop-up park at Queen Victoria Market this spring – a green space on Queen Street with seating and an activation area for a range of uses including recreation, art installations, community events and leisure.

Our progress

No significant issues have impacted on our progress this quarter towards meeting our target outcomes.



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	On track
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	On track
Deliver Queen Victoria Market precinct improvements.	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 2021)

On 28 September 2021, the Council agreed to advance its commitment to Reconciliation by ratifying a ['Declaration of Recognition and Commitment.'](#)

The Declaration of Recognition and Commitment recognises the unique place of Aboriginal people in our shared place and the enduring value of their culture to Melbourne, and that as traditional owners their sovereignty has never been ceded.

The Lord Mayor and the Chief Executive Officer have signed the Declaration on behalf of the City of Melbourne.

The declaration contains a set of foundational guiding principles for the City of Melbourne's journey towards reconciliation, and will guide our approach to delivering our [Reconciliation Action Plan](#).

Our progress

No significant issues have impacted on our progress this quarter towards meeting our target outcomes.



The major initiatives we're delivering this year

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	On track
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	On track
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 2021)

Three climate declarations were endorsed by the Future Melbourne Committee on 17 August – Better Futures Australia, the Edinburgh Declaration and C40 Renewable Energy. These build on the City of Melbourne’s early efforts to tackle climate change, including being Australia’s first capital city council to be powered by 100 per cent renewable energy.

The **Better Futures Australia Declaration** has four goals, including actions to limit average global warming to 1.5°C above pre-industrial levels; inspiring Australians to realise zero emissions opportunities; advocating for a national response; and working together, alongside and in partnership with governments to support the delivery of the Paris Agreement. Better Futures Australia represents a coalition of Australian business and industry leaders, investors, local and state and territory governments, Aboriginal and Torres Strait Islander peoples, and other community partners.

The **Edinburgh Declaration** seeks recognition of the critical role of local governments in achieving the vision set out in the Post-2020 Global Biodiversity Framework. It also notes the need for immediate and increased efforts to mobilise financial resources at all levels of government and the private sector to deliver and mainstream biodiversity actions. The **C40 Renewable Energy Declaration** positions cities as champions and leaders for 100 per cent decarbonised energy systems to influence global action on climate change.

The Power Melbourne initiative also kicked off in this quarter, doing the groundwork to establish a network of neighbourhood-scale batteries to deliver more renewable energy and drive sustainability.



Our progress

Amendment C376 Sustainable Building Design to improve environmental performance of buildings continues to be considered by the Victorian Government for approval. Otherwise, no significant issues have impacted on our progress towards meeting our target outcomes this quarter.

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	Delayed
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

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)
Number of trees planted in the municipality.	2400 plus number of trees removed in previous year, or 3000, whichever is more.
Area of native understorey habitat in the public realm.	Increase

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 2021)

Significant progress was made on the Make Room housing project in this quarter, including the announcement of 602 Lt Bourke St as the site of the new facility and a funding partnership of \$9 million with the Victorian Government secured. The engagement of a third party housing provider, as well as a \$1 million grant from the Lord Mayor’s Charitable Foundation were also finalised in this quarter.

City of Melbourne Libraries continue to be a valuable resource for our community, delivering online programs to increase digital literacy, and provide employment tips and other resources to vulnerable community members in this quarter.

Redevelopment of Western Pavilion continued this quarter, with a focus on improved accessibility and encouraging female participation in sport. This new facility is due to be completed in April 2022.



Our progress

No significant issues have impacted on our progress this quarter towards meeting our target outcomes.

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	On 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	Not started
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	Not started
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	Not started

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 2021)

In September, Council endorsed the Prevention of Violence Against Women Action Plan 2021-2024, setting out how Council will advocate, educate and act to eliminate violence against women.

A draft [Inclusive Melbourne Strategy](#) has also been developed, which will help realise our vision of a truly inclusive Melbourne over the next 10 years. It outlines how the City of Melbourne will embrace the diversity of cultures, ages, genders, sexualities, backgrounds, religions and abilities of the people who live, work, study and visit the city.

The strategy was shaped by the input and perspectives drawn from extensive engagement with key stakeholders and community. This included outreach to Traditional Owner groups, focus groups with key stakeholder organisations including Council to Homeless Persons, Council of International Students Australia, Victorian Equal Opportunity and Human Rights Commission and VicPride, community leaders and representatives from Council's Advisory Committees and others with lived experience of exclusion.

Our progress

No significant issues have impacted on our progress this quarter towards meeting our target outcomes.



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, streets for people, safer speed limits, 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	On track
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	On track
Adopt in 2021-22 and then implement an Inclusive Melbourne Strategy that will increase access to opportunities for all people who live, work, 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	Not started

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

Capital Works Portfolio FY2021-22

To achieve the Council's strategic objectives and respond to the many challenges faced by our municipality, such as population growth, climate change and most recently impacts of COVID-19, the Council endorsed \$282.5m Council works budget for FY21-22, the largest in council history.


This budget comprises \$230.5m capital works (\$187m new works, \$43.5 for renewals works), \$23.6m maintenance works and \$28m approved carry forward. The current year council works budget, followed by the next three years predicted budget, consists of nearly \$1b in the four-year cycle.



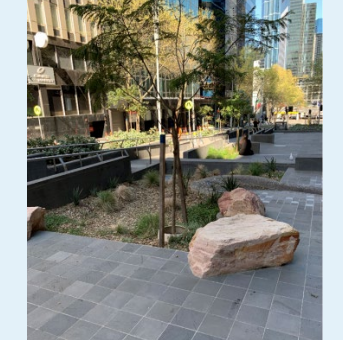

Highlights for quarter one (July to September 2021)



This quarter we commenced the largest capital works program in Council history. While we have made significant progress, we had to be agile and adapt to changing COVID-19 restrictions – which saw the number of workers on construction sites reduced as well as a construction industry shutdown in September. This has resulted in a \$7m variance from the budget.

In response, through this first quarter we have identified various opportunities for budget adjustment. This has included alignment to projects expenditure with current year scheduled activities, available grants and identified scope. We have also identified opportunities to bring forward works from within our 4 year budget into this year. As a result of the proposed and approved \$21m budget adjustment, at the end of quarter one, the total value of council works is just over \$261.4m.



Project Title	Description	Quarterly Update	Completion Date	Project Photo
Queen Victoria Market – Pop Up Park	The transformation of the existing Queen Victoria Market (QVM) customer car park into 1.75 hectares of public open space is a key strategic project of the market renewal program and follows the July 2021 opening of the 500 space Munro car park. With funding from the Melbourne City Recovery Fund (MCRF), the first stage will transform car parking on Queen Street near Queen Victoria Market into a welcoming green space and activation area known as the Market Square Pop Up.	Construction of the pop up green space started in August 2021. The new green space, which is the size of the State Library forecourt, will be a drawcard destination - giving locals, workers and visitors even more reason to visit, dwell and enjoy the market experience. Following negotiations with Creative Victoria that have occurred during the past few months and subject to Heritage Victoria approvals (permit submitted in September 2021 with decision expected before the end of the calendar year), experimental arts space Testing Grounds will relocate from Southbank to the Market Square Pop Up, adding to the vibrancy of the precinct. Budget: \$1,030,000 YTD Actuals: \$433,166	Early 2022	

<p>Community Sports Western Pavilion Upgrade</p>	<p>To promote and continue to grow women’s participation in sport, City of Melbourne will upgrade accessible and inclusive spaces in our sports pavilions. The first to be redeveloped will be the Western Pavilion in Royal Park with construction to be completed February 2022. The primary focus is for the new pavilion to provide the optimal level of services directly related to the conduct of sporting and community activities, and will provide equity of access for gender and disability, and ecologically sustainable design.</p>	<p>Page 13 of 35 Construction of foundation, underground services, steel structure, roofing and service tanks is completed. While it was impacted by COVID19 construction restrictions and shutdowns, 40% of the build is complete. Windows frames and louvres have also been fabricated and to arrive on site soon.</p> <p>Budget: \$2,432,000 YTD Actual:\$799,900</p>	<p>April 2022</p>	
<p>Southbank Boulevard</p>	<p>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.</p>	<p>The first of the two neighbourhood parks (Package 5A) between Moore Street and Kavanagh Street was completed and opened on 14 October 2021. The neighbourhood parks add feature rocks, bluestone paving, park seats, a green oval, 109 new trees and over two thousand plants to the area.</p> <p>The second neighbourhood park (Package 5C) is on track for completion in November 2021. The project features a steel boardwalk through a canopy of 121 trees and over 1300 plants, bluestone paving, bluestone feature walls, and street furniture.</p> <p>Budget: \$3,581,283 YTD Actuals: \$1,836,961</p>	<p>Package 5A: Completed October 2021.</p> <p>Package 5C: November 2021.</p>	
<p>Market Street (Open Space & Roadway)</p>	<p>The creation of a new park in the centre of the city, the Market Street park will create 1900 square metres of open space. To make room for the park, more than 1000 square metres of Market Street has been developed as public open space, including bike lanes and bike parking. Cbus contributed approximately \$3.9 million whilst City of Melbourne invested \$3.43 million. City of Melbourne are managing and delivering modifications to the roadway.</p>	<p>Park and roadway have now been completed, with footpath widening and other upgrades finished. Installation of signage skateboard deterrents is ongoing, and scheduled to be completed late November 2021.</p> <p>Budget: \$992,718 YTD Actuals: \$548,600</p>	<p>Completed</p>	
<p>Elizabeth St. - Streetscape Improvements</p>	<p>The original Elizabeth Street configuration restricts pedestrian movement. This project will reduce traffic movement and extend footpaths for improved pedestrian, cyclist and tram user movement, de-clutter and rationalise street infrastructure.</p>	<p>The new widened eastern footpath on Elizabeth Street from Flinders Lane to Flinders Street was opened to the public on 14 August 2021. Signal alteration and rectification of defects will continue.</p> <p>Budget: \$663,000 YTD actual: \$551,000</p>	<p>Completed</p>	

<p>Melbourne City Bath Renewal Works</p>	<p>Melbourne City Bath is an iconic heritage building which needs necessary maintenance works outside existing building.</p> <p>The current tranche of works in progress included 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.</p>	<p>Internal works were completed with scaffolding being removed in November, in time to welcome back the community as COVID-19 restrictions eases.</p> <p>Construction is progressing with high level defects closed out for the main works related to new skylight installation, structural repairs and stormwater plumbing works.</p> <p>Refurbishment of the historical turrets including structural works, waterproofing and shingles replacement in line with Heritage requirements are also in progress.</p> <p>The works have been delayed due the impact of COVID-19 restrictions and unforeseen latent conditions. The works are anticipated to be completed end of January 2022 dependent of ideal work and weather conditions.</p> <p>Budget: \$1,964,400 YTD Actuals: \$1,370,000</p>	<p>Jan 2022</p>	
<p>Melbourne Town Hall Renewal and Priority Roof Works</p>	<p>Melbourne Town Hall is in need of urgent drainage upgrade and façade repairs to eliminate leaks, which are causing damage to the fabric of 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>Mansard roof refurbishment, sandstone and window repairs to the façade are completed, with the Swanston St scaffolding now removed. Stakeholder approval has now been received for the design of safe access upgrades to the mansards, with the Heritage Victoria permit currently underway.</p> <p>Two balconies on the Collins St side of the Town Hall require waterproofing. This requires scaffolding installation on Collins St for removal of materials, which would stay in place for four months from November.</p> <p>Budget: \$1900,000 YTD Actual: \$734,400</p>	<p>June 2022</p>	

Record of Program Adjustments 2021–22

Month	Project No.	Project Name	Council Approved Budget	Council Funds	Grants	Revised Budget	YTD Actual	Comments
Total Adjustments			85,132,565	(4,461,866)	(16,605,000)	64,065,699		
Quarter One								
Sep-21	20B0901N	Make Room - repurposing 602 Little Bourke Street into specialist homelessness accommodation for up to 50 residents.	9,356,065	(356,065)	(8,000,000)	1,000,000	3,985	Budget rephasing to allocate for delivery in 2022-23 financial year due to delays in finalisation of funding agreement with the State Government.
Sep-21	14G1301N	Queen Victoria Market Precinct Renewal Project (QVMPR)	50,191,117	(7,520,716)	0	42,670,401	4,259,746	Disruption planning was completed in August in consultation with traders and QVM management. As a result of this work, phasing of projects within the program has been revised, resulting in some of FY21/22 budget shifting to FY22/23.
Sep-21	20B2301N	N+W Melb and Docklands Transport + Amenity Program (TAP) - 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.	6,500,000	(2,250,000)	(2,250,000)	2,000,000	51,078	Work on Franklin st upgrade has been paused to enable a precinct review to be completed resulting in construction to shift to FY22/23. While Hawke St works to are on track, focus for FY21/22 will be to progress scoping and design on range of projects.
Sep-21	21B1367N	St Kilda Road - Metro Bike Lane	5,000,000	0	(5,000,000)	0	0	State Government funding from the Department of Transport has not yet been received. Due diligence and planning works are still progressing.
Sep-21	20B1347N	Widen Footpath In Overcrowded Streets	890,000	445,000	(445,000)	890,000	0	Anticipated State Government funding not received. Council funds to be allocated to deliver scope of works in FY21/22.
Sep-21	21B1365N	Improve Pedestrian Priority In Little Streets	620,000	310,000	(310,000)	620,000	0	Anticipated State Government funding not received. Council funds to be allocated to deliver scope of works in FY21/22.
Aug-21	19B3336N	Fawkner Park Pasley Street North Entrance Improvement Works	0	1,580,000	0	1,580,000	34,176	The project was postponed due to Heritage Victoria review and approval requirements. With this now resolved budget is required to deliver in FY21/22.



Record of Program Adjustments 2021–22

Month	Project No.	Project Name	Council Approved Budget	Council Funds	Grants	Revised Budget	YTD Actual	Comments
Sep-21	19B1355N	Pump Station Upgrade - Stubbs Street Upgrade of existing Stubb St Kensington pump station with a new underground structure, adding to the existing above ground heritage pump station building.	4,200,000	1,300,000		5,500,000	27,431	The market response to tender was higher than predicted price. Melbourne Water have confirmed they will reimburse the full cost of the works in future years.
Sep-21	21B1350N	New Drainage Infrastructure	310,000	(240,000)		70,000	0	Surplus budget used to offset the shortfall for Pump Station Upgrade - Stubbs Street project (19B1355N).
Sep-21	21B1339R	Drains renewal	2,007,000	(288,401)		1,718,599	725,000	Surplus budget used to offset the shortfall for Pump Station Upgrade - Stubbs Street project (19B1355N).
Sep-21	21B1351N	Major Streetscape Improvements to footpaths - program of work to transition asphalt footpaths to bluestone	2,970,000	500,000	0	3,470,000	953,410	Due to supply of material there in an opportunity to accelerate major streetscape works - works brought forward.
Aug-21	21B1803N	Laneway Waste Management	0	400,000	0	400,000	0	Additional program which will provide CoM real time information on blockages, illegal waste dumping, overfilled bins and illegal activities leading to damaged bins
Sep-21	21B4426N	Community Sports Pavilion Upgrade (Ryder Pavilion)	0	400,000	0	400,000	0	Opportunity to bring forward the design of Ryder Pavilion from FY22/23 to FY21/22. Doing so will enable us to seek out funding opportunities to facilitate delivery.
Aug-21	19B2601N	Elizabeth Street Streetscape Improvements	363,000	300,000	0	663,000	471,102	Allocation to Department of Transport for implementation of Traffic Signals in Elizabeth Street

Record of Program Adjustments 2021–22

Month	Project No.	Project Name	Council Approved Budget	Council Funds	Grants	Revised Budget	YTD Actual	Comments
Sep-21	21B5113N	Event Fence Branding Wrap	0	110,000	0	110,000	0	Additional funding for acquiring additional fencing necessary COVID19 Safe practices in the events and capacity control.
Aug-21	21B2515N	Chinatown Illuminated Rectangular Mesh Panels	0	84,570	0	84,570	277	Supply and install additional Illuminated mesh panels to be installed in Heffernan, Celestial Lanes and Little Bourke Street.
Aug-21	21B5112N	Melbourne Music Week – Hub venues theming and signage	0	65,000	0	65,000	0	Hub venues theming and signage for Melbourne Music Week (MMW) and activating existing music venues to maximise economic support of businesses hit hard by COVID.
Aug-21	21B1366N	Advancing Stormwater Harvesting	100,000	60,000	0	160,000	10,107	Additional funding required to complete functional design for the use of alternative and sustainable water source for irrigating Princes Park.
Aug-21	21B2513M	Birrarung Trial Floating Wetland - installation of a floating wetland trial along the Yarra River.	600,000	638,746	(600,000)	638,746	16,073	Adjustment to realign accounting of funding received from State Government in FY20/21.
Sep-21	19B1373N	Cycle Infrastructure - Alexandra Ave, between Linlithgow Ave and Swan Street Bridge	0	740,000	0	740,000	0	Accounting adjustment - Internal transfer for coding purposes required to complete bike path on the west side of Alexandra Avenue between Linlithgow Avenue and Swan Street Bridge. Note: this does not affect the overall Cycle Infrastructure program for the year.
Sep-21	20B1329N	Cycle Infrastructure	2,025,383	(740,000)	0	1,285,383	305,927	Accounting adjustment - Internal transfer to be used for completion of bike path on the west side of Alexandra Avenue between Linlithgow Avenue and Swan Street Bridge. Note: this does not affect the overall Cycle Infrastructure program for the year.



Record of Program Adjustments 2021–22

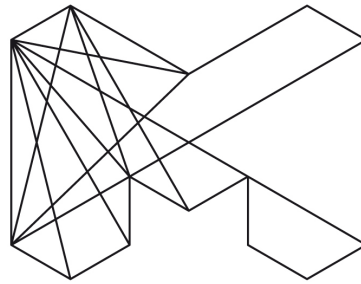
Month	Project No.	Project Name	Council Approved Budget	Council Funds	Grants	Revised Budget	YTD Actual	Comments
		Total Quarter One	85,132,565	(4,461,866)	(16,605,000)	64,065,699	6,858,313	

Financial Performance Report and Budget 2021-22 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 2021 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 2021 is an underlying net surplus of \$6.0 million versus a budget deficit of \$1.4 million. The favourable variance of \$4.6 million is mainly driven by COVID-19 lockdown 6.0 restrictions which has led to a reduction/delay on Council's operations across various areas.
3. Lower materials and services spend (\$14.7 million) and prudent vacancy management (\$2.0 million), has been partially offset by reduced parking revenues (\$8.6 million), and reduced monetary contributions for Public Open Space (\$4.2 million).

Key issues

4. The result includes estimated COVID-19 impacts of \$19.4 million for the first quarter largely due to reduced parking revenue (\$13.2 million) and lower statutory and other user fees (\$6.2 million).
5. Assuming current lockdown restrictions ease within Victorian Government guidelines and economic conditions improve over the remainder of the financial year, the full year forecast is an underlying deficit of \$57.9 million, which is \$31 million higher than the budgeted underlying deficit of \$26.9 million largely due to unexpected COVID-19 lockdown 6.0 restriction impacts, particularly in parking Fees and Fines revenue (\$27.7 million) and Other User and Statutory Fees (\$3.8 million).
6. The uncertainty of COVID-19 is forecast to have an adverse impact of \$51.1 million on both revenue and expenditure over the full financial year. This includes significant impacts from reduced parking revenue, and community grants support. Impacts to our full year forecast and COVID-19 Budget assumptions will continue to be monitored closely on a quarterly basis. No change to budget is required at this stage.
7. A detailed analysis of revenue and expenditure is included in **Attachment 7**.

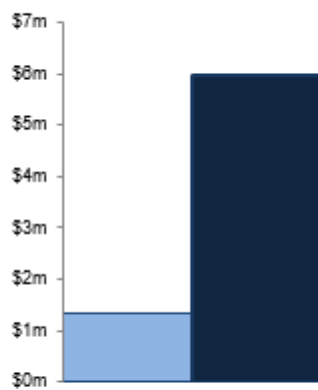


CITY OF MELBOURNE

FINANCIAL PERFORMANCE REPORT

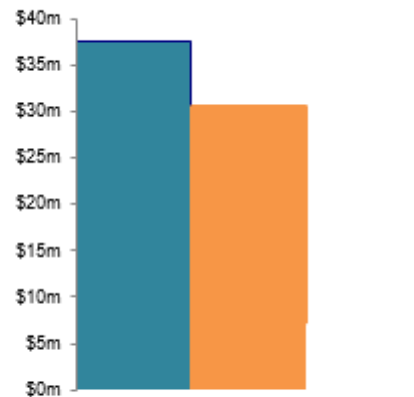
September 2021-22

Underlying Surplus/(Deficit)



■ YTD Budget	\$1.3m
■ YTD Actual	\$6.0m
YTD Variance	\$4.6m

Council Works Program



■ YTD Budget	\$37.6m
■ YTD Actual	\$30.5m
YTD Variance	\$7.1m

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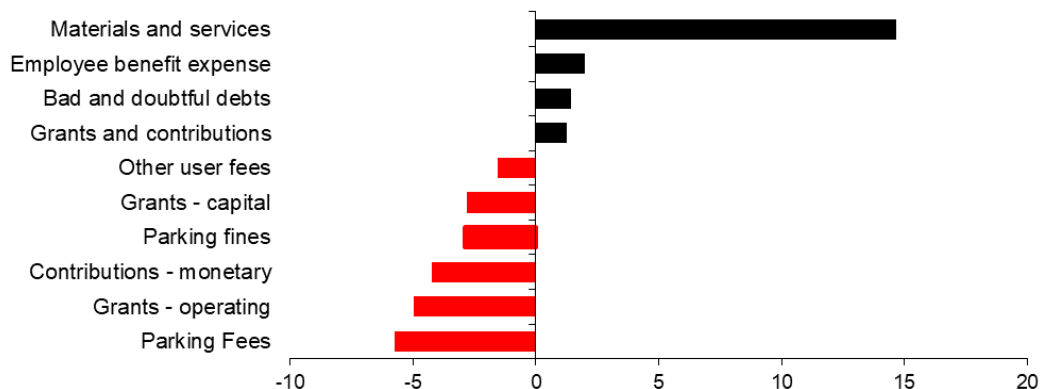
Executive Summary

Underlying Operating Results:

2020-21 Actual	2021-22 Budget		\$ Thousands	FY 2021-22 (\$'000)		
				Budget	Actual	Variance
527,717	566,364		Revenue	142,988	120,688	(22,300)
483,702	545,181		Operating Expenditure	126,411	106,108	20,302
44,015	21,183		Results from Ordinary Activities	16,577	14,580	(1,998)
23,605	8		Net gain/(loss) on disposal of property, infra, plant and equip	8	0	(8)
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	21,191		Profit/(Loss)	16,585	14,580	(2,005)
(61,160)	(48,117)		Less External Contributions to Capital	(15,234)	(8,599)	6,635
(5,378)	0		Less Gain on Investment Revaluation	0	0	0
0	0		Less Contributed Assets	0	0	0
(23,605)	0		Less Gain on disposal of asset	(8)	0	8
(17,145)	(26,926)		Underlying Surplus/(Deficit)	1,343	5,981	4,638

Key Financial Variances:

Top 10 Variances (\$millions)



The YTD September 2021-22 result excluding gain on disposal of properties was an underlying surplus of \$6.0 million, \$4.6 million favourable versus budget. The COVID-19 impacts on revenue are estimated to be \$19.4 million (compared with normal business environment).

The favourable variances are due to:

- Materials and services (\$14.7 million favourable) as a result of COVID-19 restrictions which has led to a reduction/delay on Council's operations across various areas including events, maintenance projects, infrastructure services and community services.
 - Employee Benefit expense (\$2.0 million favourable) due to vacant positions being held across the organisation
 - Bad and doubtful debts (\$1.4 million favourable) consistent with lower parking infringements (PINS) provisions as a result of lower PINs revenue
- Partially offset by:*

- Parking Fines and Fees (\$8.6 million unfavourable) driven by the reduction of parking and traffic activities impacted by COVID-19 lockdown 6.0 restrictions.
- Operating Grants (\$4.9 million unfavourable) due to MCRF1 grant income yet to be recognised which will align to when actual expenditure is incurred during the year.
- Contributions - monetary (\$4.2 million unfavourable) as a result lower Public Open Space contributions (capital revenue is excluded from underlying surplus)

- Grants – capital (\$2.8 million unfavourable) timing related for Southbank Promenade Stage.
- Other User Fees (\$1.5 million unfavourable) given lower fees income as a result of COVID-19 lockdown 6.0 restrictions.

COVID-19 Impacts

- There has been a prolonged impact on the City of Melbourne's (CoM) operations as a result of COVID-19. Total revenue impacts YTD are estimated at \$19.4 million.
- The YTD major financial impacts for COVID-19 compared to Non-COVID year include:
 - \$13.2 million lower Parking Fee and Fine revenue
 - \$5.2 million lower statutory and other user fees
 - \$1.0 million lower Other Income items
- As at 30 September 2021, net rates debtors has increased to \$306.3 million which is \$11.4 million higher than the balance of \$294.9 million at 30 September 2020.

Council Works Program

The value of works completed YTD is \$30.5 million, \$7.1 million lower than budget of \$37.6 million budget as a result of COVID-19 restriction on construction during the first quarter of the year.

Borrowings & Liquidity position

As at 30 September, CoM's total cash balance was \$52 million (2020: \$102 million).

It is forecasted Council will have lower cash balances to rely on this year compared to last year and will need to rely on borrowing in accordance with its approved Budget to fund its operating and capital requirements. The payment of \$49 million (incl. GST) for the Munro Community Hub occurred late September 2021 consistent with Budget assumptions. It is forecast CoM will begin to draw down \$40 million from its ANZ loan facility in December 2021.

Balance Sheet

Prior Year 2020-21 Actual (\$'000)	Balance Sheet	Current Sep-21 Actual (\$'000)	Movement 2021-22 Actual (\$'000)
	Assets		
	Current Assets		
143,871	<i>Ref 1</i> Cash and cash equivalents	61,741	(82,130)
39,595	<i>Ref 2</i> Trade and other receivables	365,337	325,742
30,000	<i>Ref 1</i> Other financial assets	0	(30,000)
7,862	<i>Ref 3</i> Other assets	882	(6,980)
0	Short-Term Loan to QVM	2,500	2,500
221,328	Total Current Assets	430,460	209,132
	Non current assets		
33,626	<i>Ref 1</i> Other financial assets	33,643	17
26,356	Investment in subsidiaries and trust	26,356	0
4,242,467	<i>Ref 7</i> Property, infrastructure, plant and equipment	4,294,970	52,503
188,518	<i>Ref 7</i> Investment property	188,518	0
36,798	Intangible assets	37,934	1,136
5,656	Right of Use Asset	5,203	(453)
4,533,421	Total Non-Current Assets	4,586,624	53,203
4,754,749	TOTAL ASSETS	5,017,084	262,335
	Liabilities		
	Current Liabilities		
(122,447)	<i>Ref 4</i> Trade and other payables	(300,872)	(178,425)
(13,677)	<i>Ref 5</i> Trust funds and deposits	(82,100)	(68,423)
(37,312)	<i>Ref 6</i> Provisions	(38,650)	(1,338)
(1,961)	Lease Liability	(1,842)	119
0	Interest-bearing loans and borrowing	0	0
(175,397)	Total Current Liabilities	(423,464)	(248,067)
	Non- current Liabilities		
(3,992)	Provisions	(3,992)	0
0	Interest-bearing loans and borrowings	0	0
(1,526)	Trust funds and deposits	(1,543)	(17)
(3,922)	Lease Liability	(3,594)	328
(9,440)	Total Non-Current Liabilities	(9,129)	311
(184,837)	TOTAL LIABILITIES	(432,593)	(247,756)
4,569,912	NET ASSETS	4,584,491	14,579
	Equity		
(2,180,371)	Accumulated Surplus	(2,195,346)	(14,975)
(2,389,541)	Reserves	(2,389,145)	395
(4,569,912)	TOTAL EQUITY	(4,584,491)	(14,579)

Balance Sheet

Comparison to June 2021 Actual

1. The decrease in cash and cash equivalents is due to (\$49.0 million) for the purchase of Munro Community Hub, and (\$39.7 million) of other capital and project expenditure.
2. The increase in trade and other receivables is a result of an increases in Debtors–Rates (\$287.3 million) and Fire Service Levy Debtors (\$60.7 million), which is offset by reduction of other debtors. 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.
4. Trade and other payables have increased from Rates in advance (\$239.7 million), and current accruals which is offset by a reduction of creditors and accrual reversals from FY 2020-21 year end.
5. Trust funds and deposits are higher due to Fire Service Levy payable (\$68.3 million).
6. Provisions have increased slightly given increases of leave balances, due to COVID lockdown and low levels of leave taken.
7. The increase in property plant and equipment and investment property assets of \$52.5 million is driven by capital works spend (\$27.7 million) and purchase of Munro Community Hub (\$45.6 million) which is partially offset by depreciation.

Cash Flow Statement

2020-21 Actual (\$'000)	Statement of Cash Flows	2021-22 Actual (\$'000)
	Cashflows from Operating Activities	
	Receipts	
292,563	Rates and charges	36,015
62,814	Statutory fees and fines	20,301
67,454	User fees	27,826
19,485	Grants - operating	2,603
24,962	Grants - capital	1,699
5,295	Contributions - monetary	731
2,290	Interest	58
2,063	Dividends	0
3,582	Trust funds and deposits taken	7,751
14,303	Other receipts	2,587
28,156	Contributions on Public Open Spaces (Reserve)	1,157
522,967		100,728
	Payments	
(168,437)	Employee Costs	(31,298)
(193,704)	Materials & Services	(88,919)
(32,108)	Other Payments	(5,194)
(394,249)		(125,411)
128,718	Net Cash Inflow / (Outflow) from Operating Activities	(24,682)
	Cashflows from Investing Activities	
(127,838)	Payments for property, infrastructure, plant & equipment	(39,739)
0	Purchase of Munro Community Hub	(44,565)
9,035	Proceeds from sale of property, infrastructure, plant & equipment	0
14,975	Compensation for City Square	0
(73,000)	TD Deposit Reclassification	30,000
0	Loan to QVM	(2,500)
(176,828)	Net Cash Inflow / (Outflow) from Investing Activities	(56,804)
	Cashflows from Financing Activities	
(339)	Finance Costs	(23)
(28,482)	Repayments of borrowings	0
0	Interest paid - Lease Liability	(41)
0	Repayment of Lease Liability	(580)
(28,821)	Net Cash Inflow / (Outflow) from Financing Activities	(644)
(76,931)	Net Cash Inflow / (Outflow) from all Activities	(82,130)
119,529	Cash at beginning of the financial period	143,871
42,598	Cash at the end of Oct-21	61,741
(76,931)	Movement in cash equivalents	(82,130)

2020-21 Actual (\$'000)	Statement of Cash Flow (reconciliation)	2021-22 Actual (\$'000)
38,488	Net Surplus (exc Public Open Space Contributions)	13,423
	Add Back Non-Cash Items	
70,774	Depreciation/Amortisation	19,187
5,558	WIP Write Off	0
(5,378)	Fair value adjustments for investment property	0
(23,605)	Profit/(loss) on disposal of property, plant and equipment	0
85,837	Operating Surplus/(Deficit) before Non cash items	32,610
14,388	Net Movement in Working Capital	(59,121)
(127,839)	Capital Expenditure	(39,709)
0	Purchase of Munro Community Hub	(44,565)
0	Loan to QVM	(2,500)
9,035	Proceeds from sale of assets	0
14,975	Compensation on City Square	0
28,156	Contributions on Public Open Spaces (Reserve)	1,157
(73,000)	TD Deposit Reclassification	30,000
(28,482)	Repatriation of CEFC Loan	0
0	Proceeds of borrowings	0
(76,931)	Net Cash inflow/(outflow)	(82,130)

For year 2021-22, Council has a total cash outflow of \$82.1 million which is primarily comprised of:

- An operating surplus of \$13.4 million
- A net outflow of working capital of \$59.1 million
- Capital expenditure of \$39.7 million and purchase of Munro Community Hub of \$44.6 million
- A decrease in longer term deposits from cash \$30.0 million.

Income Statement

2020-21 Actual (\$'000)	2021-22 Budget (\$'000)	Income Statement		FY 2021-22 (\$'000)		
				Budget	Actual	Variance
			REVENUE			
316,147	327,807	Ref 3.1	Rates and charges	84,506	83,872	(634)
			Statutory fees and fines			
24,502	39,041	Ref 3.2	Parking fines	7,509	4,613	(2,896)
11,749	10,920	Ref 3.3	Other	3,008	3,226	218
			User fees			
32,009	51,912	Ref 3.4	Parking	12,549	6,801	(5,748)
15,645	21,800	Ref 3.5	Other	4,955	3,409	(1,546)
62,594	47,091	Ref 3.6	Grants - operating	11,739	6,797	(4,942)
32,626	48,117	Ref 3.7	Grants - capital	10,234	7,437	(2,797)
31,699	2,755	Ref 3.8	Contributions - monetary	6,126	1,888	(4,238)
		Ref 3.9	Other income			
804	203		Interest	38	58	20
4,218	4,068		Dividends	0	0	0
3,561	4,997		Investment property/market rentals	1,166	1,034	(131)
3,423	4,134		Intercompany revenue - Citywide	402	632	230
(19)	0		Intercompany revenue - Queen Vic Market	0	0	0
4,469	3,415		Sales & recoveries	725	802	78
264	105		Project income	29	119	88
543,692	566,364		Total Revenue	142,988	120,688	(22,300)
			EXPENDITURE			
167,150	180,266	Ref 4.1	Employee benefit expense	41,238	39,259	1,979
216,065	214,584	Ref 4.2	Materials and services	54,698	40,026	14,672
7,263	12,755	Ref 4.3	Bad and doubtful debts	3,225	1,798	1,427
75,219	79,169	Ref 4.4	Depreciation and amortisation	19,792	19,187	605
82	148		Borrowing Costs	23	23	0
9,222	9,054	Ref 4.5	Other expenses	2,203	1,852	351
41,817	49,205	Ref 4.6	Grants and contributions	5,231	3,963	1,268
4,298	0		Impairment Loss	0	0	0
521,116	545,181		Total Operating Expenditure	126,411	106,108	20,302
(1,114)	8		Net gain/(loss) on disposal of property, infra, plant and equip	8	0	(8)
3,939	0		Fair value adjustments for investment properties	0	0	0
490	0		Contributions - non monetary	0	0	0
0	0		Writedown on Investment	0	0	0
25,891	21,191		Profit/(Loss)	16,585	14,580	(2,005)
(60,804)	(48,117)		Less External Contributions to Capital	(15,234)	(8,599)	6,635
(3,939)	0		Less Gain on Investment Revaluation	0	0	0
(490)	0		Less Contributed Assets	0	0	0
1,114	0		Less Gain on disposal of asset (irregular)	(8)	0	8
(38,228)	(26,926)		Underlying Surplus/(Deficit)	1,343	5,981	4,638

Analysis of Revenue Variances

Budget \$143.0m	Actual \$120.7m	Variance \$22.3m Unfavourable
------------------------	------------------------	--------------------------------------

3.1 Rates and charges **-0.8% Variance** **\$0.6m Unfav**

This unfavourable variance is due to the timing of supplementary rates revenue.

3.2 Parking fines **-38.6% Variance** **\$2.9m Unfav**

Parking infringements are unfavourable driven by less traffic activities as result of COVID-19 restrictions.

3.3 Other statutory fees and fines **7.2% Variance** **\$0.2m Fav**

This favourable variance is due to \$0.4 million higher than expected statutory planning fees which is partially offset by \$0.2 million lower general fines revenue which is a result of COVID-19 restrictions.

3.4 Parking fees **-45.8% Variance** **\$5.7m Unfav**

This unfavourable variance in parking meter revenue is a result of less traffic activities under COVID-19 restrictions.

3.5 Other user fees **-31.2% Variance** **\$1.5m Unfav**

This unfavourable variance is related to COVID-19 lockdown restrictions including:

- \$0.3 million unfavourable building services fees;
- \$0.9 million unfavourable fees and income from various facilities (including recreation centres, Town Hall, libraries, community centres and etc.); and
- \$0.2 million Garbage Compactor Fee.

3.6 Grants – operating **-42.1% Variance** **\$4.9m Unfav**

This unfavourable variance is a result of the timing of \$9.0 million MCRF1 grants (carried over from FY 2020-21) yet to be recognised which is partially offset by \$2.6 million fund for public health compliance officer and \$1.3 million Melbourne Money program fund.

3.7 Grants – capital **-27.3% Variance** **\$2.8m Unfav**

This unfavourable variance relates to the timing of \$3.0 million MCRF1 grant for Southbank Promenade project.

3.8 Contributions – monetary **-69.2% Variance** **\$4.2 Unfav**

This unfavourable variance is due to \$3.8 million lower Public Open Space funds and \$0.4 million commercial sponsorships being delayed as a result of COVID-19 restrictions.

3.9 Other income **12.0% Variance** **\$0.3m Fav**

This favourable variance comprises \$0.3 million Vic Roads led upgrade costs recoveries and \$0.3 million higher Citywide revenue which is partially offset by \$0.2 million lower income from various venue hire.

Analysis of Expense Variances

Budget \$126.4m	Actual \$106.1m	Variance \$20.3m	Favourable
------------------------	------------------------	-------------------------	-------------------

4.1 Employee benefit expense **4.8% Variance** **\$2.0m Fav**

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

4.2 Materials & Services **26.8% Variance** **\$14.7m Fav**

Variances of note have occurred in the following categories:

- General Maintenance \$8.3 million favourable;
- Contract payments \$2.7 million favourable;
- Admin/Supplies \$2.4 million; and
- Consultants \$1.6 million

General Maintenance (favourable \$8.3 million) due to \$8.0 million timing of MCRF1 related projects (expected to be incurred throughout in FY 2021-22)

Contract payments (favourable \$2.7 million) comprises;

- \$1.2 million delayed contract works on city infrastructure and traffic;
- \$1.0 million various events contract yet to be spent;
- \$0.5 million timing of Parks & Gardens contract expenditure; and
- \$0.5 million lower IT contract expenditure.

The above favourable variances are partially offset by YTD \$0.6m MCRF1 expenditure.

Admin/Supplies (favourable \$2.4 million) given the timing of \$1.3 million marketing and advertising costs and \$0.3 million research spending. As a result of COVID-19 restrictions, Council overall incurs less administration costs compared to a normal year.

4.3 Bad and doubtful debts **44.2% Variance** **\$1.4m Fav**

This favourable variance is consistent with lower PINS revenue.

4.4 Depreciation and amortisation **3.1% Variance** **\$0.6m Fav**

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

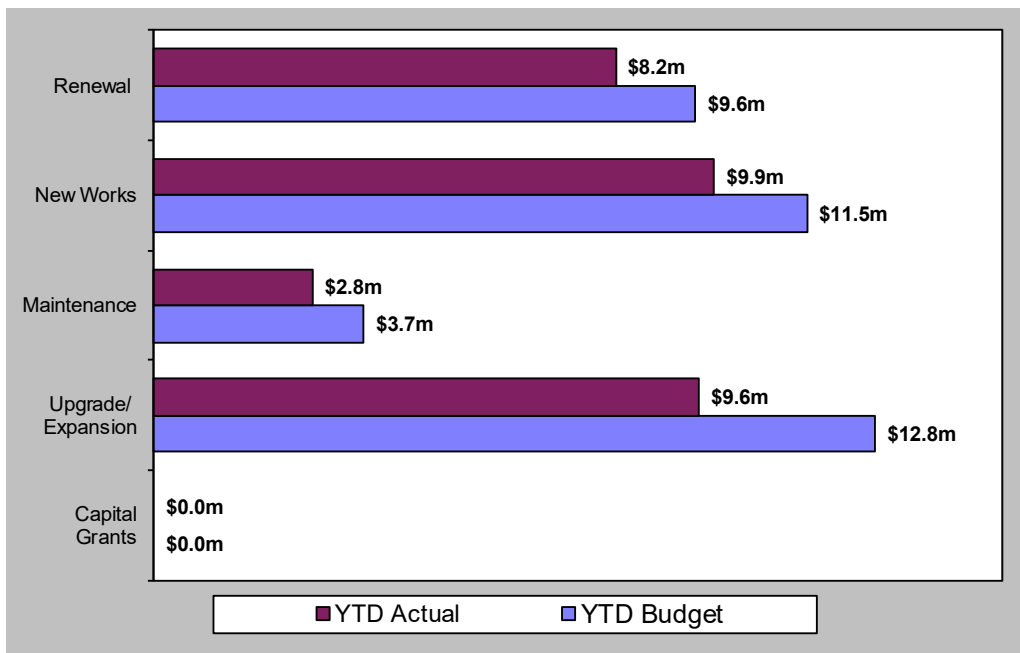
4.5 Other expenses **15.9% Variance** **\$0.3m Fav**

This favourable variance is due to the timing of land tax payments and lower lapsed PINS expenditure.

4.6 Grants and contributions **24.2% Variance** **\$1.3 Fav**

This favourable variance relates to \$0.8 million Events Partnership grants and \$0.2 million Social Partnerships yet to be paid.

Council Works – Expenditure



Period: Sep-21

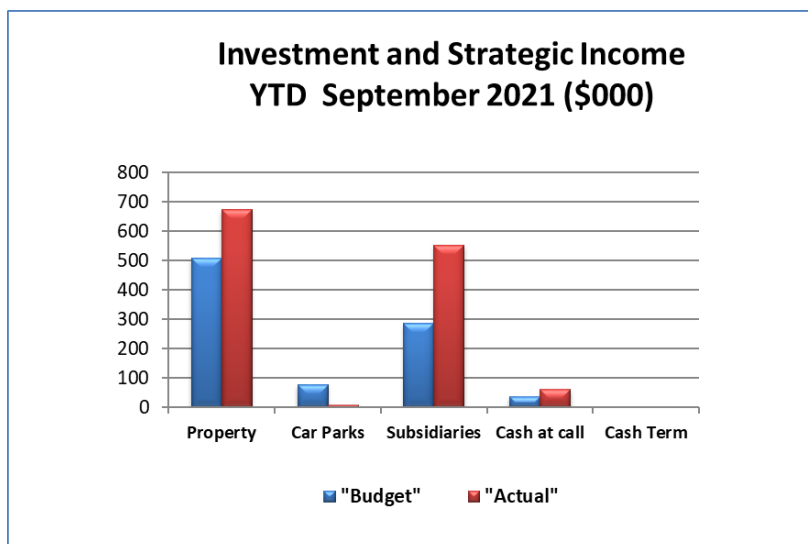
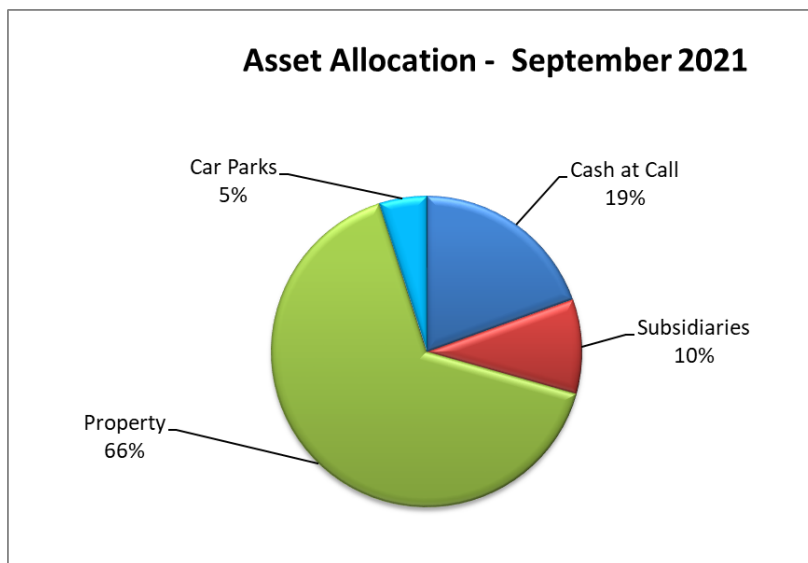
Council Works Area	2019-20 (\$'000)		
	Budget	Actual	Variance
Maintenance			
Capital Grants	0	0	0
Maintenance	3,713	2,805	908
Total Maintenance	3,713	2,805	907
Capital Works			
Expansion	2,280	1,747	533
Upgrade	10,477	7,892	2,585
New Works	11,547	9,909	1,638
Renewal	9,581	8,163	1,418
Total Capital Expenditure	33,886	27,712	6,174
Total Council Works Program	37,599	30,517	7,082

Council Works YTD \$30.5m versus Budget \$37.6m (\$7.1m 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 \$1.3 million for the first quarter of the financial year 2021-22, \$0.4 million above the YTD Budget of \$0.9 million. The total budget for return on Investment Portfolio for FY2021-22 is \$9.9 million.

- Investment Properties - YTD returned \$0.2 million favourable against budget due to the YTD revenue being higher than budget by \$63K, and savings on expenses (Consultants, Internal council rates and Fire brigade levy) by \$107K.
- Car Parks – overall unfavourable against YTD budget by \$71K from Council House and Elgin St.
- Citywide – YTD returned \$0.3 million favourable to budget due to higher income taxes for the quarter.
- Cash Investments – YTD interest income was favourable by \$25K due to the timing of payment to \$49 million for Munro Community Hub.



Public Open Space Contributions

DATE PAID	SUBDIVISION REG. NO	ADDRESS OF DEVELOPMENT	SUBURB	CONTRIBUTION AMOUNT \$
07/07/2021	SA-2021-22	481 Victoria Street	WEST MELBOURNE	\$200,000.00
27/08/2021	SA-2019-70	512-544 Spencer Street	WEST MELBOURNE	\$500,000.00
30/08/2021	SA-2019-70	512-544 Spencer Street	WEST MELBOURNE	\$457,000.00
			Total	\$1,157,000.00

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 Sep 2021 quarter, there was one supplementary valuation return; the total of this return is as follows:

Return Date	NAV Change	Total Rate Change	New Rates	Exemptions	Objections
30 June 2021	\$97,112,425	\$3,498,121.93	\$4,380,121.88	(\$259,002.63)	(\$622,997.32)
Total	\$97,112,425	\$3,498,121.93	\$4,380,121.88	(\$259,002.63)	(\$622,997.32)

The 2021-22 budget for new rates is \$9.5 million. The year to date actual for new rates is \$4.4 million.

Overview of supplementary valuation returns

Category	Address	Effective Date	Rates 2021-22	Rates Previous Years	Total Rates	NAV Change	Comments
30 June 2021 Return (effective 1 July 2021)							
EXEMPTIONS	50-90 Kooringa Way PORT MELBOURNE	01-Jul-21	(\$257,265.96)	\$0.00	(\$257,265.96)	\$0	Rateable occupier has surrendered lease, now exempt
	Shop 6, Ground 300 Flinders Street MELBOURNE	01-Jul-21	(\$1,736.67)	\$0.00	(\$1,736.67)	\$0	Rateable occupant vacated
	Balance of smaller Exemptions		\$0.00	\$0.00	\$0.00	\$1,773,750	
	TOTAL		(\$259,002.63)	\$0.00	(\$259,002.63)	\$1,773,750	
OBJECTIONS	242 Exhibition Street MELBOURNE	01-Jul-19	\$0.00	(\$458,807.82)	(\$458,807.82)	\$0	VGV approved objection
	309-325 Bourke Street MELBOURNE	01-Jul-20	\$0.00	(\$118,467.54)	(\$118,467.54)	\$0	VGV approved objection
	294-296 Lygon Street CARLTON	01-Jul-20	\$0.00	(\$12,134.88)	(\$12,134.88)	\$0	VGV approved objection
	Balance of smaller Objections		(\$8,353.75)	(\$25,233.33)	(\$33,587.08)	(\$184,850)	
TOTAL		(\$8,353.75)	(\$614,643.57)	(\$622,997.32)	(\$184,850)		
NEW RATES	134-160 Spencer Street MELBOURNE	01-Jul-21	\$1,095,220.28	\$0.00	\$1,095,220.28	\$25,927,400	Construction of a 795 unit residential building
	2-28 Hoff Boulevard SOUTHBANK	01-Jul-21	\$488,466.53	\$0.00	\$488,466.53	\$11,204,400	Subdivision of Lot 8 into 130 residential and 13 commercial lots
	367-375 Little Lonsdale Street MELBOURNE	01-Jul-21	\$347,700.20	\$0.00	\$347,700.20	\$8,134,300	Subdivision of Lot S4 into 236 residential, 4 retail and 4 stage lots
	143-171 A'Beckett Street MELBOURNE	01-Jul-21	\$320,695.26	\$0.00	\$320,695.26	\$7,601,750	Subdivision of Lot S103 into 107 residential and 1 stage lot
	316-322 Queen Street MELBOURNE	01-Jul-21	\$306,527.63	\$0.00	\$306,527.63	\$7,340,450	Construction of a 227 unit residential, retail and office building
	3-43 Waterfront Way DOCKLANDS	01-Jul-21	\$302,673.87	\$0.00	\$302,673.87	\$6,789,300	Construction of a hotel and residential building
	245-251 City Road SOUTHBANK	01-Jul-21	\$299,365.43	\$0.00	\$299,365.43	\$7,035,200	Subdivision of Lot 1 & 2 creating 281 residential and 2 stage lots
	Balance of smaller Supps		\$1,277,322.48	(\$57,849.80)	\$1,219,472.68	\$21,490,725	
TOTAL		\$4,437,971.68	(\$57,849.80)	\$4,380,121.88	\$95,523,525		
TOTAL		\$4,170,615.30	(\$672,493.37)	\$3,498,121.93	\$97,112,425		