

**Management report to Council****Agenda item 6.3****Quarterly performance reporting – Council Plan Major Initiatives, Finances and Capital Program****Council****Presenter:** Justin Hanney, Chief Executive Officer**22 February 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 second 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 2021-2022.
3. Attached are the:
  - 3.1. Council Plan quarter two summary report (Attachment 2).
  - 3.2. Council Plan quarter two performance report (Attachment 3).
  - 3.3. Capital Works Program quarter two summary report (Attachment 4)
  - 3.4. Capital Works Program quarter two report – record of program adjustments (Attachment 5)
  - 3.5. Financial Performance Summary Report and Budget for the second quarter (Attachment 6).
  - 3.6. Financial Performance Report for the second quarter (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 this quarter include: the successful rollout of the Midweek Melbourne Money rebate program which provided a \$20 million boost to Melbourne's hospitality sector in November, and continuing support to businesses through the City Activation Grant Program - supporting the Council Plan objective 'Economy of the Future.' Other highlights include the endorsement of the final Greenline Implementation Plan, supporting the objective 'Melbourne's Unique Identity and Place', a new Emissions Reduction Plan for Council, supporting the objective 'Climate and Biodiversity Emergency', a Community Food Relief Plan, supporting the objective 'Access and Affordability', and a Women's Safety and Empowerment Action Plan, supporting the objective 'Safety and Wellbeing.'
5. The impact of lockdowns, worker limitations on projects sites, and construction work shutdowns as a response to the COVID19 outbreak was felt throughout quarter two. As a result, the labour market and supply chain were disrupted, and the award of new contracts was delayed. This put further strain on our delivery goals and resulted in a \$27 million variance from the "Revised" Capital Works budget.
6. Despite these challenges, we continue to deliver the largest and most significant Capital Works portfolio in the Council's history by accelerating or rescheduling ongoing projects, reprioritising works where possible, on-boarding skilled resources to increase our delivery capabilities, and identifying opportunities to bring forward works or add new projects to the portfolio that can be commenced or completed in this financial year.

7. Council has identified and committed to new projects to the value of \$5.7 million and has allocated \$2.2 million to the Capital Works budget to expand the scope of some existing projects. This contributes to the city's economic recovery, and creates activity and jobs in the municipality, and helps to close the budget gaps.
8. Achievements in the delivery of our Capital Works Portfolio for quarter two include completion of Queen Victoria Market Pop Up Park, Southbank Boulevard (packages 5A and 5C), Market Street (Open Space and Roadway), all providing residents and visitors greater experience in a greener city. The Swanston Street Hostile Vehicle Mitigation Project has also progressed, providing safer walkways around critical locations in our city with significant foot traffic. Southbank Promenade Stage 1 and Southbank Boulevard (Package 5B) have also been awarded, and construction works will soon commence on both sites.
9. The year-to-date Financial Performance result to end December 2021 resulted in an underlying deficit of \$8.0 million, \$6.8 million unfavourable versus budget. The COVID-19 impacts on revenue continue to be felt with an estimated reduction of \$33.1 million in revenue (compared with normal business environment).
10. Council is forecast to have a full year underlying deficit of \$47 million (\$20 million unfavourable versus Budget of \$27 million). This is largely driven by COVID-19 impacts versus budget.
11. As at the end of the second quarter, as per Section 97 (3) of the *Local Government Act 2020*, the Chief Executive Officer is of the opinion a revised Budget is not required, however impacts to our full year forecast and COVID-19 Budget assumptions, including recent Omicron events, will continue to be monitored closely over the coming months.

### **Recommendation from management**

12. That Council:
  - 12.1. Notes the Council Plan 2021-2025 quarter two summary report and performance report (refer Attachments 2 and 3 of the report from management).
  - 12.2. Notes the 2021-2022 Capital Works Portfolio quarter two summary report on Major and Complex projects (Attachment 4).
  - 12.3. Approves program adjustments in the Council Works Program, within the overall adopted budget-funding envelope, as follows (Attachment 5):
    - 12.3.1. New budget allocation for –
      - 12.3.1.1. Land Acquisition of 70-90 Chelmsford Street, Kensington (Project 21B3712N) - \$5,075,000
      - 12.3.1.2. Council House 2 Chilled Ceiling Works (Project 21B3711R) – \$500,000
      - 12.3.1.3. Hosier Lane and Westwood Place Safe City Camera Projects (Project 21B1205N) – \$60,000
      - 12.3.1.4. Gas Free Operation Year 1– North Melbourne Town Hall Upgrade (Project 21B3713N) - \$50,000
    - 12.3.2. Additional budget for –
      - 12.3.2.1. Roadway Renewal (Project 21B1305R) – from \$4,375,000 to \$4,862,396
      - 12.3.2.2. Footpath Renewal (Project 21B1306R) – from \$4,895,000 to \$5,345,000
      - 12.3.2.3. Street Lighting Upgrade (Project 21B1333M) – from \$725,000 to \$1,036,111
      - 12.3.2.4. Australia Wharf Fit out (Project 19B1429N) – from \$864,200 to \$1,364,200
      - 12.3.2.5. Property Services Renewal Works (Project 21B3706R) – from \$5,500,000 to \$5,758,000
      - 12.3.2.6. City Baths Renewal Works (Project 20B3714R) – from \$1,764,401 to \$1,964,401

12.3.2.7. Melbourne Knowledge Week Hub (Project 21B5104R) – from \$150,000 to \$198,000.

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

12.5. Notes, as at the end of the second quarter, as per Section 97 (3) of the Local Government Act 2020, the Chief Executive Officer is of the opinion a revised Budget is not required, however impacts to our full year forecast and COVID-19 Budget assumptions, including recent Omicron events, will continue to be monitored closely over the coming months.

**Attachments:**

1. Supporting Attachment (Page 4 of 40)
2. Council Plan quarter two summary report (Page 5 of 40)
3. Council Plan quarter two performance report (Page 6 of 40)
4. Capital Works Program quarter two summary report (Page 12 of 40)
5. Capital Works Program quarter two report – record of program adjustments (Page 18 of 40)
6. Financial Performance Summary Report and Budget for quarter two (Page 22 of 40)
7. Financial Performance Report for quarter two (Page 23 of 40)
8. Supplementary Valuations Report (Page 37 of 40)
9. Overview of supplementary valuations returns (Page 38 of 40)

## Supporting Attachment

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### 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)
3. Section 97(3) of the Act provides that the second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

### Finance

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

### Conflict of interest

5. 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

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

### Stakeholder consultation

7. The report is an internal statutory report under the Act and external stakeholder consultation is not appropriate.

### Relation to Council policy

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

### Environmental sustainability

9. 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 two summary report October to December 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. 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 October to December 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, 49 are being reported for quarter two of 2021–22. With the exception of three initiatives identified as amber or red (delayed), the rest are on track, with one completed.
7. The final quarterly report will be made available on the City of Melbourne website.

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 two (October to December 2021)

The hugely successful Midweek Melbourne Money rebate program was delivered in November. Coinciding with the easing of restrictions, the program resulted in \$20 million injected into our cafes, bars and restaurants from diners in just over 10 days.

Crucial support for our business community continued with the \$1.75 million City Activation Grant Program opening in October, designed to activate and support key precincts impacted by COVID-19. The Business Concierge Service proactively engaged with businesses, returning to face to face outreach in November and December. This service has contacted a total of 7,621 businesses since July.

An exciting program of refreshed events was delivered, including Melbourne Fashion Week, which featured more than 250 designers and 300 retailers across 100 events, Melbourne Music Week which saw more than 300 artists playing across 70 events, an expanded Christmas Festival program with new events and activations across the city, and New Year's Eve celebrations with localised fireworks and the New Year Street Feasts program. Key campaigns launched this quarter included the \$5 parking promotion from October to December and the This is Your Local campaign promoting Melbourne's CBD as a vibrant and affordable place to live for buyers and renters.



## Our progress and challenges

Next steps in redevelopment of Central Pier (as part of increasing visitation to Docklands) are awaiting Victorian Government approval processes. 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
Continue to strengthen Melbourne's economic recovery, including through precinct and shopfront activation, delivery of an enhanced <a href="#">business concierge service</a> 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 <a href="#">Economic Development Strategy</a> , 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 <a href="#">sponsored events</a> 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	Delayed
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	On track
Embed the <a href="#">Sustainable Development Goals</a> 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%

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 two (October to December 2021)

Community engagement for the Draft Greenline Implementation Plan took place from August to October 2021 using online and digital platforms and included two targeted stakeholder workshops. The overall response from the community and stakeholders was overwhelmingly supportive, showing great enthusiasm for the project. Council's Future Melbourne Committee endorsed the Final Implementation Plan at its meeting in December 2021. The Greenline team will now work with local communities and stakeholders as design proposals for individual precincts are developed.

Work such as the new Market Square pop-up park was completed on the Queen Victoria Market Precinct Renewal and an updated Business Case (2021) was endorsed along with schematic designs for the Specialty Market Trading Format for A-E Sheds.

Our Public Art Framework aims to embed public art in every part of our city, and lies behind the commissioning of new artworks, such as Rose Nolan's Screen Works (ENOUGH-NOW/EVEN/MORE-SO) which now adorns the ten-level Munro building. Seventy-eight arts projects are also underway as part of the Quick Response Arts Grants program and these will help reignite the city.

The Design Excellence program was officially launched, with members appointed and the first meetings of the Melbourne Design Review and Design Excellence Advisory Committee taking place.

Planning has commenced for the Munro Library and Community Hub and engagement with traditional and community groups is scheduled for early 2022.

Delivery works for the Queen Victoria Market (QVM) Precinct Renewal Program are progressing to protect the future of the iconic Market as an open-air market. In this quarter, two-thirds of the \$30 million heritage shed restoration project has been completed, the construction contract for works in the Food Hall were awarded, the divestment of the land to the south of the market has progressed further, and construction methodology and tender documentation for market infrastructure is well underway.



## Our progress and challenges

QVM Precinct Renewal has faced some pressures due to escalating construction costs amidst continuing COVID19-related impacts. 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
Partner with the Victorian Government and other stakeholders to deliver specific components of <a href="#">Greenline</a> 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 <a href="#">Yarra River-Birrarung</a> , 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 <a href="#">Arden</a> and <a href="#">Macaulay</a> , <a href="#">Fishermans Bend</a> , 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 <a href="#">Queen Victoria Market</a> 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 <a href="#">Design Excellence Program</a>	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 two (October to December 2021)

An initial feasibility study has been prepared on the First Nations Cultural Precinct and discussions are under way with the Victorian Government.

Planning and organisation is taking place for Truth Telling activities for 2022, timed to coincide with potential events such as Melbourne Knowledge Week, National Reconciliation Week and NAIDOC Week.

Significant progress was made on the Stolen Generations Marker project this quarter. Three working group meetings were held with Stolen Generations survivors and their descendants, relevant peak bodies and Traditional Owner representatives.

In October, the prototype for the online version of the Aboriginal Melbourne Digital Map was signed off by Traditional Owners following extensive consultation. Work progressed with both Traditional Owner groups to launch the online version and Town Hall version during Melbourne Knowledge Week.

## Our progress and challenges

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

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



# Climate and Biodiversity Emergency

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 two (October to December 2021)

The City of Melbourne continues to expand the new food waste recycling service across the municipality, with great success. This service is now utilised by almost 11,000 households to date, diverting more than 100 tonnes of food organic waste from landfill every month.

Power Melbourne market engagement commenced with the Expression of Interest released in December. Shortlisted technology providers and market participants will contribute to the Power Melbourne business case, commercial structure, and operating model.

A new emissions reduction plan for Council was endorsed.

Tree planting concluded for 2021, with 1477 new trees planted throughout the municipality. Planting will recommence in April 2022 and the City of Melbourne is on track to deliver 3000 new trees by the end of the financial year.

10 grant projects were delivered under the Urban Forest Fund, including the Melbourne Sky farm. This new rooftop farm in Docklands will be open to the public in 2022.



## Our progress and challenges

Amendment C376 Sustainable Building Design to improve environmental performance of buildings has been impacted by external factors relating to the Ministerial guidelines. 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 <a href="#">amendment</a> to improve the environmental performance of buildings in order to reduce emissions to zero by 2040.	Deliver Partner	Delayed
Deliver on our <a href="#">Urban Forest Strategy</a> 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 <a href="#">Climate and Biodiversity Emergency action plan</a> .	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 two (October to December 2021)

As part of the implementation of the Neighbourhood Model, consultation on the first two neighbourhood plans for CBD and Kensington is complete. Hundreds of residents, businesses, workers, students and visitors have all contributed to telling us what’s most important to them in their local areas.

The first two of a series of themed pop-up libraries opened over this period to provide the community more opportunities to relax, connect and exchange knowledge and ideas. The first, located at 510 Elizabeth Street, offers a 1400-item collection paired with a Make\*It Space. The Express Book Bar opened in December and is located in 240 Little Collins Street.

The Community Food Relief Plan 2021 – 2025 was endorsed by Council in December and outlines City of Melbourne’s role and commitment to improving access to food relief services and in turn ensuring our community have an improved sense of food security.



## Our progress and challenges

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 <a href="#">Disability Access Plan 2020–2024</a> 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	On track
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 two (October to December 2021)

The Melbourne Night Safety Summit was held online on 22 November. The Lord Mayor welcomed 10 international, national and local speakers and 75 participants who met with the aim of developing new ways of working to ensure women and gender diverse people feel safe at night.

The *Creating Communities of Equality and Respect: Women's Safety and Empowerment Action Plan 2021- 2024* was endorsed by Council on 30 November. It is our commitment to ensure gender equality and respect are built in to our services and city planning and promoted throughout the municipality.

This quarter has seen a focus on keeping the city clean, with the launch of a new specialised team of rapid-response cleaners to ensure the streets are sparkling, as people returned to the city. The City of Melbourne has invested more than \$1 million to set up the Rapid Response Clean Team with an experienced crew kitted out in distinctive blue uniforms, and a fleet of six new vehicles, including electric graffiti management and electric street sweeper units.

## Our progress and challenges

City Road Masterplan consultant engagement has been delayed by contract negotiations. 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
Continue to implement the <a href="#">Transport Strategy 2030</a> , 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	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	Delayed
Adopt in 2021-22 and then implement an <a href="#">Inclusive Melbourne Strategy</a> 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 two summary report

## Capital Works Portfolio FY2021-22

The Capital Works 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 most recently impacts of COVID-19, the Council endorsed a \$282.5m Council works budget for FY21-22, the largest in council history.

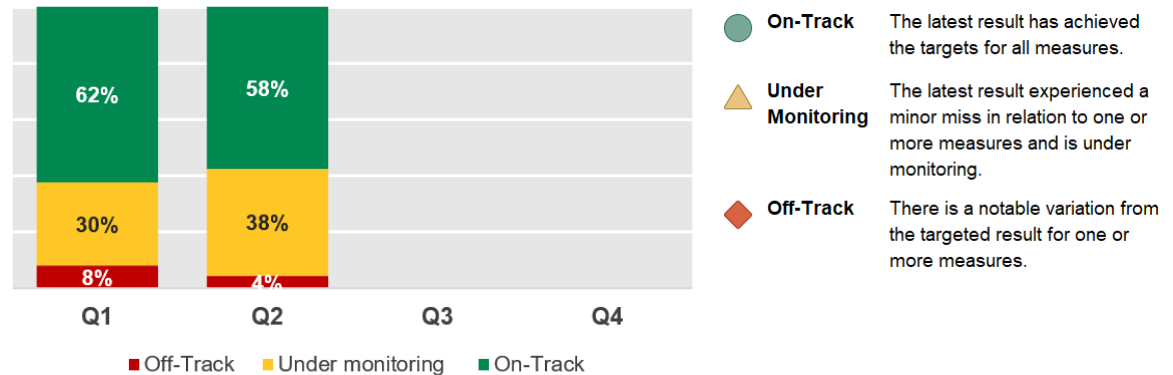
This budget incorporates \$230.5m capital works (\$187m new works and \$43.5m renewals works), \$23.6m maintenance works, and \$28m which was approved to be carried forward from last year. Together, the current and next three years of Council Works budget total almost \$1b in the four-year cycle.


### Highlights for quarter two (October to December 2021)






This quarter we continued to deliver the largest capital works program in Council history. The City of Melbourne has had to adapt to the challenges of COVID-19, managing the impacts of lockdowns and construction restrictions on our projects. These included a disrupted labour market, supply chain issues and awarding new contracts. This has resulted in a \$27m variance from the planned budget.




We have made significant progress on our capital works program this quarter, and are continuing to identify opportunities to accelerate works by bringing forward projects within our 4-year budget into this year, and on-boarding experienced project staff to increase our project delivery capabilities.

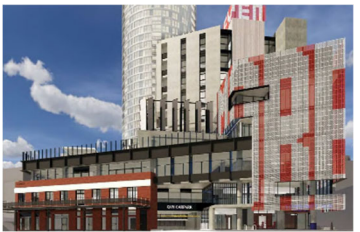
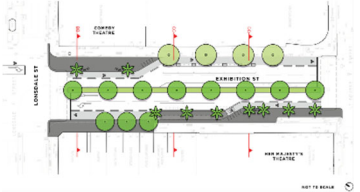
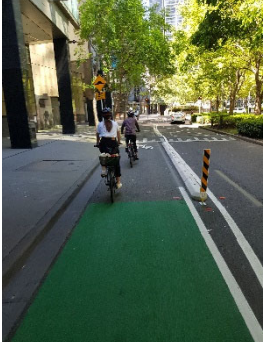

Quarterly Delivery Confidence Trend








Project Title	Description	Quarterly Update	Completion Date	Project Photo
<b>Queen Victoria Market – Pop Up Park</b>	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 Park.	The Pop Up Park has been completed, however the activation space has been delayed due to Heritage Victoria permit approvals. We anticipate a grant of permit in January 2022, and this will enable a two-year activation to be in place, with Testing Grounds being the organisation leading this along with other events run by the City of Melbourne and other third parties. <b>Budget: \$1,030,000 YTD Actuals: \$433,000</b>	6 November 2021 with an activation phase to run until end of 2023	



<p><b>Community Sports Western Pavilion Upgrade</b></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 in early 2022. The new pavilion will provide equity of access for all genders and abilities, and ecologically sustainable design.</p>	<p>Page 13 of 40 Western Pavilion is under construction but was delayed by the COVID-19 construction industry lockdown and associated restrictions on workforce numbers. It is now estimated that the practical completion of the pavilion will be in March 2022. <b>Budget: \$2,432,500 YTD Actuals: \$1,425,500</b></p>	<p>March 2022</p>	
<p><b>Southbank Boulevard</b></p>	<p>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.</p>	<p>The contract for the works under the last package, a play space between Kavanagh and Fawkner streets (package 5B) has been awarded, with construction works to commence on site in early February. <b>Budget: \$5,904,000 YTD Actuals: \$2,459,000</b></p>	<p>Q3 of 2022</p>	
<p><b>Melbourne City Baths Renewal Works</b></p>	<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.</p>	<p>Since the last quarterly report, there have been no further schedule delays, and the project is progressing on track.</p> <p>All internal works were completed in the last quarter with no disruptions to operations.</p> <p>External works (at-height) are now completed, including turret refurbishment, gutters / stormwater pipe replacements, painting and tuck-point works.</p> <p>Works are anticipated to be completed in January 2022. <b>Budget: \$1,964,400 YTD Actuals: \$1,454,000</b></p>	<p>Jan 2022</p>	
<p><b>Melbourne Town Hall Renewal and Priority Roof Works</b></p>	<p>Melbourne Town Hall requires urgent 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>During the last quarter, we have finished removing the top layer at Roof 7. Structural assessment of the roof slab is underway with predicted completion in March 2022.</p> <p>Works on plaster and mural repair have started and are planned to finish by February 2022 - ahead of schedule. <b>Budget: \$1,900,000 YTD Actuals: \$1,100,000</b></p>	<p>July 2022</p>	
<p><b>Public Art</b></p>	<p>The major public art commission in Southbank has been separated out from the broader Southbank Boulevard redevelopment project. While the project has an independent scope and timeline, it will respond to the original stakeholder consultation done for Southbank Boulevard.</p>	<p>The major public art commission in Southbank is in development and will respond to community consultation, providing accessible green open space with meaningful public art in one of Melbourne's most densely populated areas. <b>Budget: \$6,300,000 YTD Actuals: \$1,998,000</b></p>	<p>2024</p>	

<p><b>Swanston Street Heavy Vehicle Mitigation Works (SSH) Project</b></p>	<p>The Swanston Street Hostile Vehicle Mitigation (SSH) Project was established to facilitate delivery of the following scope of works: Installation of security bollards and blocks, a gate and widening of the footpath outside Federation Square</p>	<p>Page 14 of 40</p> <p>Project has been completed  <b>Budget: \$2,357,000 YTD Actuals: \$1,585,000</b></p>	<p>October 2021</p>	
<p><b>Queen Victoria Precinct Renewal Program</b></p>	<p>Guided by the 2015 Master Plan, the Queen Victoria Market Precinct Renewal (QVMPR) program will secure the market's place as a traditional open-air market, through heritage restoration, and provision of essential market infrastructure to improve 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 2021-22 include continued restoration of the heritage sheds, progression of essential market infrastructure plans, phase one design for 1.75 hectares of new public open space and the preparation of the Southern Site.</p>	<p>The precinct renewal program is well into delivery and will protect the future of the iconic Queen Victoria Market as an open-air market – retaining its heritage, unique offer and authenticity.</p> <p>Key updates this quarter include:</p> <ul style="list-style-type: none"> <li>• Progression of the \$30 million heritage shed restoration project with nearly two thirds of the market's 12 sheds restored.</li> <li>• Appointment of a Food Hall contractor with construction expected to start on 31 January 2022.</li> <li>• Refinement of the construction methodology and tender documentation for market infrastructure projects including an approach for coordination and management of daily market operations following trader engagement.</li> <li>• Progression of the divestment of the land to the south of the market.</li> <li>• Council endorsement of an Updated Business Case which reaffirms that Council's \$268 million gross investment in renewal remains essential to address the challenges facing the market and to realise the benefits to the broader community.</li> </ul> <p><b>Budget: \$42,000,000 YTD Actuals: \$10,045,000</b></p>	<p>Various until 2028</p>	
<p><b>Kensington Community Recreation Centre redevelopment</b></p>	<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>McCorkell Constructions was appointed as the Principal Contractor following Tender in mid-2021. The Design &amp; Construction (D&amp;C) contract was awarded in Oct. 2021. Weekly design workshops were held between The complete Design Development documentation (except for Civil) was issued by McCorkell on 3 December 2021, on which CoM's Peer Review Panel are currently providing review comments. Notice of site possession was given to McCorkell on 3 December and site hoarding was completed by 22 December, 2021. Practical Completion currently on track (Oct. 2023).  <b>Budget: \$10,216,000 YTD Actuals: \$1,670,000</b></p>	<p>October 2023</p>	




<p><b>Munro Library and Community Hub</b></p>	<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>Page 15 of 40 The planning phase has commenced. Traditional owner engagement and community consultation is planned for early 2022, with plans for the majority of project design to be completed by end FY 2022/23. <b>Budget \$1,000,000 YTD Actual \$34,279</b></p>	<p>November 2023</p>	
<p><b>Exhibition Street Bike Lane</b></p>	<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>The design phase has progressed, and the detailed design is about to be complete. Additional feasibility investigations are required for constructability assessment. Department of Transport (DoT) requested additional traffic surveys, and therefore formal approvals from the DoT are required. Scheduling such traffic survey is subject to returning a sufficient volume of vehicles traffic in the city, which due to COVID is not enough. An alternative approach is obtaining the data through collaboration with DoT to explore if the required data are available from prior studies. <b>Budget: \$3,440,000 YTD Actuals: \$122,000</b></p>	<p>September 2022</p>	
<p><b>Cycle Infrastructure</b></p>	<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>While the program has also felt the impacts of COVID-19 restrictions, construction and community consultations have since recommenced. Works were completed on Whiteman Street, Southbank, and the bike lane along Alexandra Avenue, Melbourne are ongoing. Designs ready for further consultation: -Royal Parade South bound -St-Kilda Road Bourke St, Spring St Macaulay Road <b>Budget: \$10,085,000 YTD Actuals: \$964,000</b></p>	<p>June 22 , ongoing</p>	
<p><b>Greenline</b></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–Birrarrung Strategy).</p>	<p>The final Greenline Implementation Plan was endorsed by the Future Melbourne Committee on 7 December 2021. Consultants have been engaged to undertake various background reports and site investigations for the Greenline, including an economic impact assessment, cost planning, cultural and archaeological heritage assessments, arboriculture and ecology monitoring, 3D modelling and visualisations. Procurement Planning workshops were held to map whole of program procurement and delivery scenarios. Draft masterplan preparations are underway, and City of Melbourne will continue discussions with State and Federal Governments for funding. <b>Budget: \$1,000,000 YTD Actuals: \$725,200</b></p>	<p>2028</p>	

<p><b>Library Pop-Ups</b></p>	<p>Deliver a revitalised library network, including pop-up libraries, to increase access for our diverse community and to help revitalise the city</p>	<p>Page 16 of 40 Library Pop-ups opened this quarter at 510 Elizabeth Street and Shop 5 218-240 Little Collins Street. A Pop-up library will open in January 2022 at Federation Square. <b>Budget \$3,000,000 YTD Actual: \$240,000</b></p>	<p>June 2022</p>	
<p><b>City Road Master Plan</b></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><b>Northern Undercroft and City Road Park:</b> Concept and feasibility design are progressing, with site investigations underway and concept plans being finalised. The leading consultants have commenced feasibility design. The establishment of the licence agreement with DoT (land-owner), and flood modelling to meet Melbourne Water requirements are underway. <b>City Road East and West:</b> Preparation underway to engage consultants to update traffic modelling and assumptions based on changes to traffic patterns in the area. <b>Budget: \$650,000 YTD Actuals: \$235,300</b></p>	<p>2023</p>	
<p><b>North and West Melbourne and Docklands Transport and Amenity Program</b></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><b>Hawke Street Linear Park</b> - project second stage of community Consultation commenced with in person Engagement with the local community on 8/12/21. Revised concept plan has responded to community feedback from earlier concept. <b>Franklin Street</b> - further traffic study in progress. <b>Spencer St North Masterplan</b> – first draft in progress in consultation with DoT. <b>Budget: \$6,500,000 YTD Actuals: \$156,000</b></p>	<p>2028</p>	
<p><b>Gateway to GMH Turner Street Works</b></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 June 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>Detailed design documentation has been finalised and will be circulated to stakeholders for review. Once completed, a tender package will be prepared to be advertised in February. The works are planned to commence in April-, subject to obtaining on-time approval from CitiPower and DoT. <b>Budget: \$1,765,000 YTD Actuals: \$282,000</b></p>	<p>December 2022</p>	
<p><b>Southbank Promenade Stage 1</b></p>	<p>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.</p>	<p>Tender has been awarded and the works will be commencing end of April 2022. <b>Budget: \$3,800,000 YTD Actuals: \$73,000</b></p>	<p>Dec 2022</p>	













<p><b>Pocket Parks</b></p>	<p>The Pocket Parks program contributes towards the delivery of Major Initiative 16 - Increase Public Open Space. The major initiative will provide high-quality, functional, useful and beautiful parks and gardens close to where people live and work. The Pocket Parks program will deliver the Bedford Street Pocket Park in North Melbourne among others.</p>	<p>Page 17 of 40 Detailed design documentation for Bedford Street Pocket Park is in development. Feasibility investigations into two additional potential sites is underway. <b>Budget: \$2,500,000 YTD Actuals: \$22,000</b></p>	<p>June 2025</p>	
<p><b>Riverslide skate park redevelopment</b></p>	<p>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.</p>	<p>The final decision on the project scope was made by the Project Control Group on 9 December 2021. A heritage consultant has been engaged to assist with Heritage Victoria permit application. A skate park design consultant will be engaged in late February/early March to undertake design and documentation services for the new skate park. Investigations including geotechnical, contamination, environmental assessment and sewer line assessment will be conducted over February and March. <b>Budget: \$350,000 YTD Actuals: \$23,774</b></p>	<p>June 2024</p>	




## Record of Program Adjustments 2021–22











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

Attachment 5  
Agenda item 6.3  
Council  
22 Feb 2022




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				
<b>Total Adjustments</b>			<b>103,406,166</b>	<b>(2,845,866)</b>	<b>0</b>	<b>0</b>	<b>5,075,000</b>	<b>(15,356,493)</b>	<b>90,278,807</b>		<b>24,975,696</b>	
<b>Quarter Two</b>												
Oct-21	21B3712N	Land Acquisition of 70-90 Chelmsford Street, Kensington	0	0	0	0	5,075,000	0	5,075,000		507,500	Transfer from Public Open Space Funds to Capital Works Portfolio for land acquisition at 70-90 Chelmsford Street, Kensington for providing open space and flood management.
Nov-21	21B1305R	Roadway Renewal	4,375,000	0	0	0	0	487,396	4,862,396		1,273,675	"Commonwealth Local Roads and Community Infrastructure" funds have been received earlier than planned, which enable delivering 3 additional Road Renewal projects during 2021-22.
Nov-21	21B1306R	Footpath Renewal	4,895,000	0	0	0	0	450,000	5,345,000		2,950,303	"Commonwealth Local Roads and Community Infrastructure" funds have been received earlier than planned, which enable delivering 3 additional Footpath Renewal projects during 2021-22.
Dec-21	21B1333M	Street Lighting Upgrade	725,000	0	0	0	0	311,111	1,036,111		265,069	VicRoads contribution grant payment for upgrading lighting to LED in the arterial roads.
Oct-21	19B1429N	Australia Wharf Fitout	864,200	500,000	0	0	0	0	1,364,200		15,713	Additional \$0.5m to bring forward the installation works from 2022-23 to 2021-22, to operationalise Australia Wharf for community use one year earlier than planned.
Oct-21	21B3711R	CH2 Chilled Ceiling Works	0	500,000	0	0	0	0	500,000		0	Additional funding to improve the air-conditioning system at Council House No.2, to obtain sustainability targets and meet Property Council of Australia "A" grade requirements.
Nov-21	21B3706R	Property Services Renewal Works	5,500,000	258,000	0	0	0	0	5,758,000		2,672,183	Additional funding for investigation design works and engaging a principal architect for priority roof and façade conservation at heritage and historically invaluable Melbourne Town Hall building.
Oct-21	20B3714R	Property Services City Baths Renewal Works	1,764,401	200,000	0	0	0	0	1,964,401		1,568,112	Additional funding to deliver urgent mechanical works, as well as planning the next stage of conservation works at historically invaluable Melbourne City Bath.
Oct-21	21B1205N	Hosier Lane and Westwood Place Safe City Camera Projects	0	60,000	0	0	0	0	60,000		0	To boost public safety, additional funding is approved to provide safety cameras that allow live feed of footage to Victoria Police operation.
Oct-21	21B3713N	Gas Free Operation Year 1 – North Melbourne Town Hall Upgrade	0	50,000	0	0	0	0	50,000		0	To meet our Climate and Biodiversity commitments, additional funding was required to design a new electric heat pump system to replace the end-of-life gas heating equipment.












## Record of Program Adjustments 2021–22

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				
Nov-21	21B5104R	Melbourne Knowledge Week Hub	150,000	48,000	0	0	0	0	198,000		50,000	For the promotion of 2022 Melbourne Knowledge Week, three weatherproof street structures will be designed and fabricated to exhibit the event to the public at Wesley Place.
<b>Total Adjustment Quarter Two</b>			<b>18,273,601</b>	<b>1,616,000</b>	<b>0</b>	<b>0</b>	<b>5,075,000</b>	<b>1,248,507</b>	<b>26,213,108</b>		<b>9,302,557</b>	
<b>Quarter One</b>												
Sep-21	20B0901N	Make Room - Repurposing 602 Little Bourke Street into special 50 residents homelessness accommodation	9,356,065	(356,065)	0	0	0	(8,000,000)	1,000,000		35,954	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	0	0	0	42,670,401		10,045,075	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	6,500,000	(2,250,000)	0	0	0	(2,250,000)	2,000,000		156,038	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	0	0	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	0	0	0	(445,000)	890,000		364	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	0	0	0	(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	Fawcner Park Pasley Street North Entrance Improvement Works	0	1,580,000	0	0	0	0	1,580,000		41,967	The project was postponed due to Heritage Victoria review and approval requirements. With this now resolved budget is required to deliver in FY21/22.
Sep-21	19B1355N	Pump Station Upgrade - Stubbs Street (Upgrade of existing Stubb St Kensington pump station with a new underground structure)	4,200,000	1,300,000					5,500,000		54,940	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).

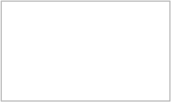
## Record of Program Adjustments 2021–22


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				
Sep-21	21B1339R	Drains renewal	2,007,000	(288,401)					1,718,599		1,399,788	Surplus budget used to offset the shortfall for Pump Station Upgrade - Stubbs Street project (19B1355N).
Sep-21	21B1351N	Major Streetscape Improvements to footpaths (transition asphalt footpaths to bluestone)	2,970,000	500,000	0	0	0	0	3,470,000		2,418,865	Due to supply of material there is an opportunity to accelerate major streetscape works - works brought forward.
Aug-21	21B1803N	Laneway Waste Management	0	400,000	0	0	0	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	0	0	0	400,000		4,733	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	0	0	0	663,000		573,791	Allocation to Department of Transport for implementation of Traffic Signals in Elizabeth Street
Sep-21	21B5113N	Event Fence Branding Wrap	0	110,000	0	0	0	0	110,000		59,750	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	0	0	0	84,570		2,399	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	0	0	0	65,000		65,000	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	0	0	0	160,000		58,383	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	0	0	0	(600,000)	638,746		30,285	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	0	0	0	740,000		27,087	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.

Record of Program Adjustments 2021–22

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				
Sep-21	20B1329N	Cycle Infrastructure	2,025,383	(740,000)	0	0	0	0	1,285,383		698,722	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.
<b>Total Adjustment Quarter One</b>			<b>85,132,565</b>	<b>(4,461,866)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,605,000)</b>	<b>64,065,699</b>		<b>15,673,139</b>	

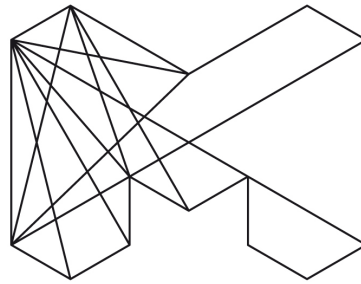
## Financial Performance Report and Budget 2021-22 Second Quarter

### 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 second quarter ending 31 December 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 second quarter ending 31 December 2021 is an underlying net deficit of \$8.0 million versus a budget deficit of \$1.2 million. The unfavourable variance of \$6.8 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. Reduced parking revenues (\$16 million) has been partially offset by lower materials and services spend (\$7.7 million) and prudent vacancy management (\$1.2 million).
4. In addition, monetary income Public Open Space contributions (\$8.6 million) is tracking well below Budget. As these monies are retained in the Balance Sheet this does not impact the Underlying Surplus/(Deficit).

### Key issues

5. The YTD result includes estimated COVID-19 impacts of \$33.1 million due to reduced parking revenue (\$21.7 million) and lower statutory and other user fees (\$11.3 million).
6. Assuming current Victorian Government guidelines and CovidSafe settings ease and economic conditions improve over the remainder of the financial year, the full year forecast is an underlying deficit of \$47 million, which is \$20 million less favourable than the budgeted underlying deficit of \$27 million. This is largely due to unexpected COVID-19 lockdown 6.0 restriction impacts.
7. The uncertainty of COVID-19 is forecast to have an adverse impact of \$49.3 million on both revenue and expenditure over the full financial year. This includes significant impacts from reduced parking revenue, and community grants support.
8. As at the end of the Second Quarter, the Chief Executive Officer as required under Section 97(3) of the Act is of the opinion a revised Budget is not required. However, impacts to our full year forecast and COVID-19 Budget assumptions, including recent Omicron events, will continue to be monitored closely over the coming months.
9. A detailed analysis of revenue and expenditure is included in **Attachment 7**.

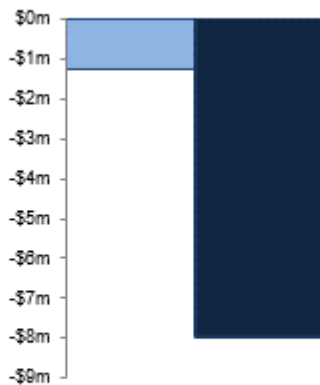


**CITY OF MELBOURNE**

# FINANCIAL PERFORMANCE REPORT

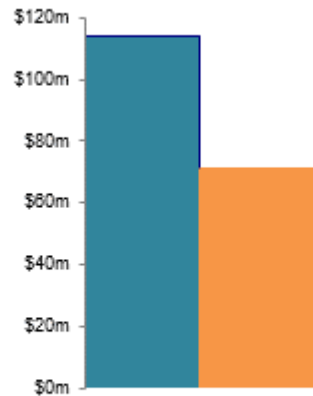
## December 2021-22

**Underlying Surplus/(Deficit)**



■ YTD Budget	(\$1.2m)
■ YTD Actual	(\$8.0m)
YTD Variance	(\$6.8m)

**Council Works Program**



■ YTD Budget	\$114.1m
■ YTD Actual	\$70.7m
YTD Variance	\$43.4m

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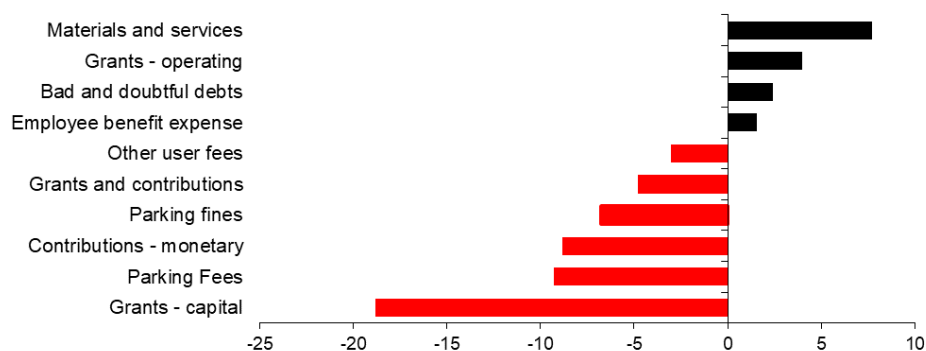
## Executive Summary

### Underlying Operating Results:

2020-21 Actual	2021-22 Budget	\$ Thousands	FY 2021-22 (\$'000)		
			Budget	Actual	Variance
527,717	566,364	Revenue	297,908	255,596	(42,312)
483,702	545,211	Operating Expenditure	254,578	246,472	8,105
44,015	21,153	<b>Results from Ordinary Activities</b>	43,330	9,124	(34,207)
23,605	8	Net gain/(loss) on disposal of property, infra, plant and equip	8	936	928
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
<b>72,998</b>	<b>21,161</b>	<b>Profit/(Loss)</b>	<b>43,338</b>	<b>10,060</b>	<b>(33,278)</b>
(61,160)	(48,117)	Less External Contributions to Capital	(44,564)	(17,183)	27,381
(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)	(936)	(928)
<b>(17,145)</b>	<b>(26,956)</b>	<b>Underlying Surplus/(Deficit)</b>	<b>(1,234)</b>	<b>(8,058)</b>	<b>(6,825)</b>

### Key Financial Variances:

Top 10 Variances (\$millions)



The YTD December 2021-22 result excluding gain on disposal of properties was an underlying deficit of \$8.0 million, \$6.8 million unfavourable versus budget. The COVID-19 impacts on revenue are estimated to be \$33.1 million (compared with a normal business environment).

The unfavourable variances are due to:

- Grants – capital (\$18.8 million unfavourable) due to various capital grants not expected to be received in FY 2022-23 (Capital Grants are excluded from underlying surplus).
- Parking Fines and Fees (\$16.0 million unfavourable) driven by the reduction of parking and traffic activities impacted by COVID-19 lockdown 6.0 restrictions.
- Contributions - monetary (\$8.8 million unfavourable) as a result lower Public Open Space contributions (capital revenue is excluded from underlying surplus).
- Grants and contributions (\$4.7 million greater than budget) due mainly to the support for Midweek Melbourne Money.
- Other User Fees (\$3.0 million unfavourable) given lower fees income as a result of COVID-19 lockdown 6.0 restrictions.

*Partially offset by:*

- Materials and services (\$7.7 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.
- Operating Grants (\$4.0 million favourable) due to the timing of MCRF grant income which is expected to align with actual expenditure when this is incurred later during the year.

- Bad and doubtful debts (\$2.4 million favourable) consistent with lower parking infringements (PINS) provisions as a result of lower PINS revenue; and
- Employee Benefit expense (\$1.5 million favourable) due to vacant positions being held across the organisation.

### **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 \$33.1 million.
- The YTD major financial impacts for COVID-19 compared to Non-COVID year include:
  - \$21.7 million lower Parking Fee and Fine revenue
  - \$9.0 million lower statutory and other user fees
  - \$2.3 million lower Other Income items
- As at 31 December 2021, net rates debtors has increased to \$213.8 million which is \$7.3 million higher than the balance of \$206.5 million at 31 December 2020.

### **Council Works Program**

The value of works completed YTD is \$70.7 million, \$43.4 million lower than budget of \$114.1 million budget mainly as a result of COVID-19 restrictions on construction during the first half of the year.

### **Borrowings & Liquidity position**

As at 31 December, CoM's total cash balance was \$32.7 million (2020: \$143.9 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. It is forecast CoM will need to begin drawing from its available debt facilities in March 2022.

## Balance Sheet

Prior Year 2020-21 Actual (\$'000)	Balance Sheet	Current Dec-21 Actual (\$'000)	Movement 2021-22 Actual (\$'000)
	<b>Assets</b>		
	<b>Current Assets</b>		
143,871	<i>Ref 1</i> Cash and cash equivalents	32,737	(111,134)
39,595	<i>Ref 2</i> Trade and other receivables	269,812	230,217
30,000	<i>Ref 1</i> Other financial assets	0	(30,000)
7,862	<i>Ref 3</i> Other assets	3,353	(4,509)
0	Short-Term Loan to QVM	0	0
<b>221,328</b>	<b>Total Current Assets</b>	<b>305,902</b>	<b>84,574</b>
	<b>Non current assets</b>		
33,626	<i>Ref 1</i> Other financial assets	33,660	34
26,356	Investment in subsidiaries and trust	26,356	0
4,242,467	<i>Ref 7</i> Property, infrastructure, plant and equipment	4,283,961	41,494
188,518	<i>Ref 7</i> Investment property	213,533	25,015
36,798	Intangible assets	35,060	(1,738)
5,656	Right of Use Asset	4,766	(890)
<b>4,533,421</b>	<b>Total Non-Current Assets</b>	<b>4,597,336</b>	<b>63,915</b>
<b>4,754,749</b>	<b>TOTAL ASSETS</b>	<b>4,903,238</b>	<b>148,489</b>
	<b>Liabilities</b>		
	<b>Current Liabilities</b>		
(122,447)	<i>Ref 4</i> Trade and other payables	(215,142)	(92,695)
(13,677)	<i>Ref 5</i> Trust funds and deposits	(56,094)	(42,417)
(37,312)	<i>Ref 6</i> Provisions	(41,453)	(4,141)
(1,961)	Lease Liability	(1,692)	269
0	Interest-bearing loans and borrowing	0	0
<b>(175,397)</b>	<b>Total Current Liabilities</b>	<b>(314,381)</b>	<b>(138,984)</b>
	<b>Non-current Liabilities</b>		
(3,992)	Provisions	(3,992)	0
0	Interest-bearing loans and borrowings	0	0
(1,526)	Trust funds and deposits	(1,560)	(34)
(3,922)	Lease Liability	(3,330)	592
<b>(9,440)</b>	<b>Total Non-Current Liabilities</b>	<b>(8,882)</b>	<b>558</b>
<b>(184,837)</b>	<b>TOTAL LIABILITIES</b>	<b>(323,263)</b>	<b>(138,426)</b>
<b>4,569,912</b>	<b>NET ASSETS</b>	<b>4,579,975</b>	<b>10,063</b>
	<b>Equity</b>		
(2,180,371)	Accumulated Surplus	(2,192,115)	(11,744)
(2,389,541)	Reserves	(2,387,860)	1,680
<b>(4,569,912)</b>	<b>TOTAL EQUITY</b>	<b>(4,579,975)</b>	<b>(10,063)</b>

## 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 (\$70.7 million) of other capital and project expenditure, and total operating expenditure being just \$8.0 million below budget, driven by materials and services and grants expenditure, while total cash revenue is below budget driven by rates collections, statutory fines and user fees at the end of December.
2. The increase in trade and other receivables is a result of an increases in Debtors Rates (\$213.6 million) and Fire Service Levy Debtors (\$45.1 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 receipt of Citywide dividends of \$4.2 million recognised at 30 June 2021.
4. Trade and other payables have increased due mainly to Rates in Advance billed (\$158.9 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 (\$49.3 million).
6. Provisions have increased given increases of leave balances of \$4.20 million since June 2021 due to a combination of COVID lockdown, low levels of leave taken, and EBA rate adjustments.
7. The increase in property plant and equipment and investment property assets of \$66.5 million is driven by capital works spend (\$62.5 million) and purchase of Munro Community Hub (\$45.6 million) which is partially offset by depreciation (\$38.8 million).

### Cash Flow Statement

2020-21 Actual (\$'000)	Statement of Cash Flows	2021-22 Actual (\$'000)
	<b>Cashflows from Operating Activities</b>	
	<b>Receipts</b>	
292,563	Rates and charges	129,990
62,814	Statutory fees and fines	20,427
67,454	User fees	30,538
19,485	Grants - operating	14,436
24,962	Grants - capital	9,991
5,295	Contributions - monetary	1,487
2,290	Interest	109
2,063	Dividends	0
3,582	Trust funds and deposits taken	2,096
14,303	Other receipts	5,631
28,156	Contributions on Public Open Spaces (Reserve)	1,420
<b>522,967</b>		<b>216,125</b>
	<b>Payments</b>	
(168,437)	Employee Costs	(76,689)
(193,704)	Materials & Services	(144,451)
(32,108)	Other Payments	(20,470)
<b>(394,249)</b>		<b>(241,609)</b>
<b>128,718</b>	<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>(25,485)</b>
	<b>Cashflows from Investing Activities</b>	
(127,838)	Payments for property, infrastructure, plant & equipment	(70,761)
0	Purchase of Munro Community Hub	(44,565)
9,035	Proceeds from sale of property, infrastructure, plant & equipment	936
14,975	Compensation for City Square	0
(73,000)	TD Deposit Reclassification	30,000
0	Loan to QVM	0
<b>(176,828)</b>	<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(84,391)</b>
	<b>Cashflows from Financing Activities</b>	
(339)	Finance Costs	(46)
(28,482)	Repayments of borrowings	0
0	Interest paid - Lease Liability	(79)
0	Repayment of Lease Liability	(1,133)
<b>(28,821)</b>	<b>Net Cash Inflow / (Outflow) from Financing Activities</b>	<b>(1,258)</b>
<b>(76,931)</b>	<b>Net Cash Inflow / (Outflow) from all Activities</b>	<b>(111,134)</b>
119,529	Cash at beginning of the financial period	143,871
42,598	Cash at the end of Dec-21	32,737
<b>(76,931)</b>	<b>Movement in cash equivalents</b>	<b>(111,134)</b>

2020-21 Actual (\$'000)	Statement of Cash Flow (reconciliation)	2021-22 Actual (\$'000)
38,488	<b>Net Surplus (exc Public Open Space Contributions)</b>	8,642
	<b>Add Back Non-Cash Items</b>	
70,774	Depreciation/Amortisation	38,840
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	(936)
<b>85,837</b>	<b>Operating Surplus/(Deficit) before Non cash items</b>	<b>46,546</b>
14,388	Net Movement in Working Capital	(74,704)
(127,839)	Capital Expenditure	(70,764)
0	Purchase of Munro Community Hub	(44,565)
9,035	Proceeds from sale of assets	936
14,975	Compensation on City Square	0
28,156	Contributions on Public Open Spaces (Reserve)	1,420
(73,000)	TD Deposit Reclassification	30,000
(28,482)	Repatriation of CEFC Loan	0
<b>(76,931)</b>	<b>Net Cash inflow/(outflow)</b>	<b>(111,134)</b>

For year 2021-22, Council has a total cash outflow of \$111.1 million which is primarily comprised of:

- An operating surplus of \$46.5 million
- A net outflow of working capital of \$74.7 million
- Capital expenditure of \$70.7 million and purchase of Munro Community Hub of \$44.6 million
- A decrease in investment term deposits greater than 90 days from cash of \$30.0 million.

## Income Statement

2020-21 Actual (\$'000)	2021-22 Budget (\$'000)	Income Statement		FY 2021-22 (\$'000)		
				Budget	Actual	Variance
			<b>REVENUE</b>			
316,147	327,807	Ref 3.1	Rates and charges	167,163	166,050	(1,113)
			Statutory fees and fines			
24,502	39,041	Ref 3.2	Parking fines	17,189	10,436	(6,753)
11,749	10,920	Ref 3.3	Other	5,925	6,758	833
			User fees			
32,009	51,912	Ref 3.4	Parking	26,001	16,738	(9,263)
15,645	21,800	Ref 3.5	Other	10,454	7,413	(3,041)
62,594	47,091	Ref 3.6	Grants - operating	19,842	23,826	3,984
32,626	48,117	Ref 3.7	Grants - capital	34,564	15,729	(18,835)
31,699	2,755	Ref 3.8	Contributions - monetary	11,731	2,907	(8,824)
		Ref 3.9	Other income			
804	203		Interest	75	109	34
4,218	4,068		Dividends	18	0	(18)
3,561	4,997		Investment property/market rentals	2,373	1,893	(478)
3,423	4,134		Intercompany revenue - Citywide	1,079	1,137	57
(19)	0		Intercompany revenue - Queen Vic Market	0	0	0
4,469	3,415		Sales & recoveries	1,440	2,460	1,021
264	105		Project income	54	141	85
<b>543,692</b>	<b>566,364</b>		<b>Total Revenue</b>	<b>297,908</b>	<b>255,596</b>	<b>(42,312)</b>
			<b>EXPENDITURE</b>			
167,150	180,296	Ref 4.1	Employee benefit expense	89,252	87,675	1,577
216,065	214,584	Ref 4.2	Materials and services	102,062	94,326	7,736
7,263	12,755	Ref 4.3	Bad and doubtful debts	6,336	3,903	2,433
75,219	79,169	Ref 4.4	Depreciation and amortisation	39,585	38,840	745
82	148		Borrowing Costs	46	46	0
9,222	9,054	Ref 4.5	Other expenses	4,425	4,025	400
41,817	49,205	Ref 4.6	Grants and contributions	12,871	17,657	(4,786)
4,298	0		Impairment Loss	0	0	0
<b>521,116</b>	<b>545,211</b>		<b>Total Operating Expenditure</b>	<b>254,578</b>	<b>246,472</b>	<b>8,105</b>
(1,114)	8		Net gain/(loss) on disposal of property, infra, plant and equip	8	936	928
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
<b>25,891</b>	<b>21,161</b>		<b>Profit/(Loss)</b>	<b>43,338</b>	<b>10,060</b>	<b>(33,278)</b>
(60,804)	(48,117)		Less External Contributions to Capital	(44,564)	(17,183)	27,381
(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)	(936)	(928)
<b>(38,228)</b>	<b>(26,956)</b>		<b>Underlying Surplus/(Deficit)</b>	<b>(1,234)</b>	<b>(8,058)</b>	<b>(6,825)</b>

### Analysis of Revenue Variances

<b>Budget \$297.9m</b>	<b>Actual \$255.6m</b>	<b>Variance \$42.3m Unfavourable</b>
------------------------	------------------------	--------------------------------------

**3.1 Rates and charges** **-0.7% Variance**      **\$1.1m Unfav**

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

**3.2 Parking fines** **-39.3% Variance**      **\$6.8m Unfav**

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

**3.3 Other statutory fees and fines** **14.1% Variance**      **\$0.8m Fav**

This favourable variance is due to \$1.3 million higher than expected statutory planning fees which is partially offset by \$0.2 million lower general fines and \$0.2m food registration revenue which is a result of COVID-19 restrictions.

**3.4 Parking fees** **-35.6% Variance**      **\$9.3m Unfav**

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

**3.5 Other user fees** **-29.1% Variance**      **\$3.0m Unfav**

This unfavourable variance is mainly related to COVID-19 lockdown restrictions including lower fees and income from various facilities (including recreation centres, Town Hall, libraries, community centres \$1.3 million), unfavourable building services fees (\$0.5 million), and reduced Street trading and Kerbside cafe charges (\$0.3 million).

**3.6 Grants – operating** **20.1% Variance**      **\$4.0m Fav**

This favourable variance is a result mainly due to the timing of MCRF fund revenue recognition.

**3.7 Grants – capital** **-54.5% Variance**      **\$18.8m Unfav**

This unfavourable variance is related to timing of grants on various major initiatives and projects, including Make Room, Metro Bike Lane, and Southbank Promenade projects

**3.8 Contributions – monetary** **-75.2% Variance**      **\$8.8 Unfav**

This unfavourable variance is due mainly to \$8.6 million lower Public Open Space funds.

**3.9 Other income** **13.9% Variance**      **\$0.7m Fav**

This favourable variance comprises various immaterial items.



### Analysis of Expense Variances

<b>Budget \$254.6m</b>	<b>Actual \$246.5m</b>	<b>Variance \$8.1m Favourable</b>
------------------------	------------------------	-----------------------------------

**4.1 Employee benefit expense** **1.8% Variance** **\$1.6m Fav**

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

**4.2 Materials & Services** **7.6% Variance** **\$7.7m Fav**

Variances of note have occurred mainly in the following categories:

- **Admin/Supplies** (favourable \$3.8 million) given the timing of \$2.0 million marketing and advertising costs and \$0.5 million research spending. As a result of COVID-19 restrictions, Council overall has incurred less administration costs compared to a normal year; and
- **Consultancy Expenses** (favourable \$3.2 million) given lower consultancy spend on events and tourism as a result of lockdown 6.0, lower legal expenditure, and the timing of IT consultancy

**4.3 Bad and doubtful debts** **38.4% Variance** **\$2.4m Fav**

This favourable variance is consistent with lower PINS revenue.

**4.4 Depreciation and amortisation** **1.9% Variance** **\$0.7m Fav**

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

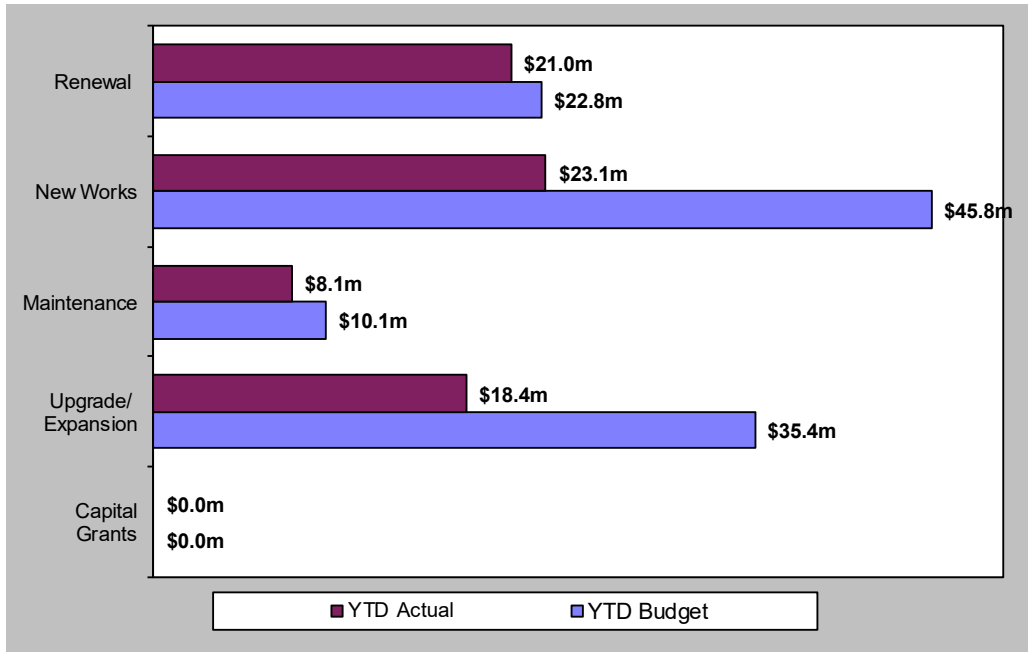
**4.5 Other expenses** **9.0% Variance** **\$0.4m Fav**

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

**4.6 Grants and contributions** **-37.2% Variance** **\$4.8 Unfav**

This unfavourable variance relates to financial support grants paid to QVM (\$4.1 million) and Arts Investment Quick Response Grants (\$0.8 million) being paid earlier than budgeted.

### Council Works – Expenditure



Period: Sep-21

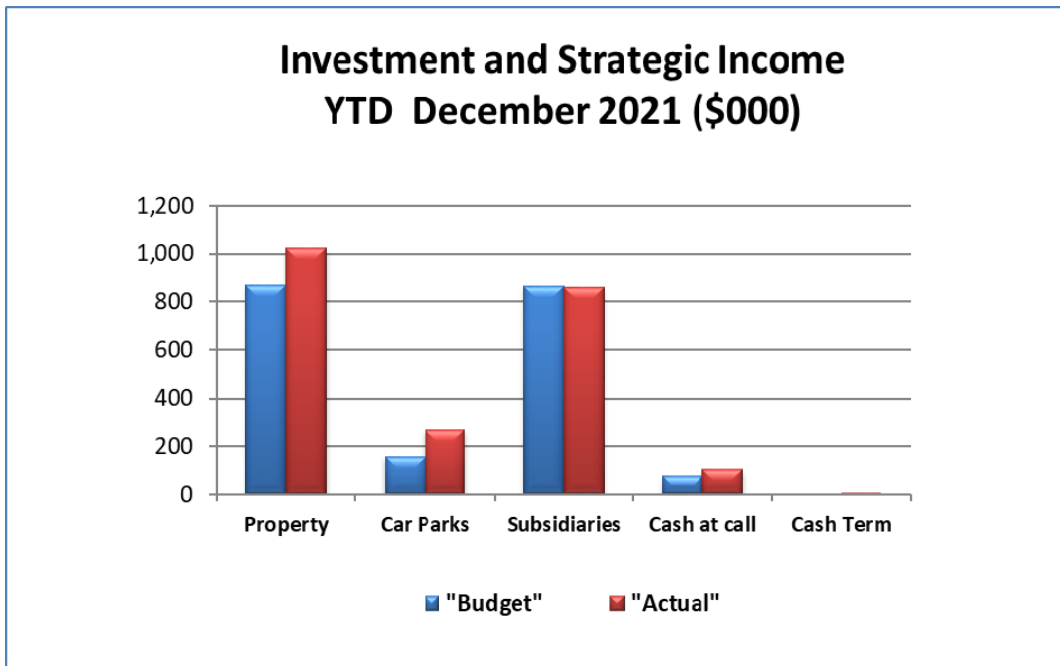
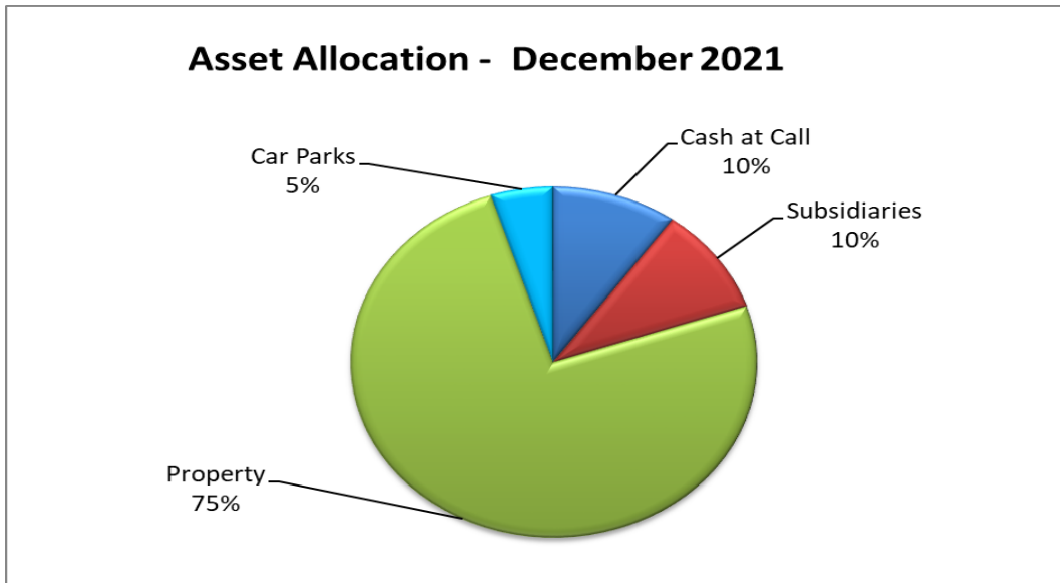
Council Works Area	2019-20 (\$'000)		
	Budget	Actual	Variance
<b>Maintenance</b>			
Capital Grants	0	0	0
Maintenance	10,137	8,132	2,005
<b>Total Maintenance</b>	<b>10,137</b>	<b>8,132</b>	<b>2,004</b>
<b>Capital Works</b>			
Expansion	3,721	2,943	778
Upgrade	31,657	15,461	16,196
New Works	45,764	23,105	22,659
Renewal	22,818	21,040	1,778
<b>Total Capital Expenditure</b>	<b>103,961</b>	<b>62,550</b>	<b>41,411</b>
<b>Total Council Works Program</b>	<b>114,098</b>	<b>70,683</b>	<b>43,415</b>

**Council Works YTD \$70.7m versus Budget \$114.1m (\$43.4m 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 \$2.3 million for the first half of the financial year 2021-22, \$0.3 million above the YTD Budget of \$2.0 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.
- Car Parks – overall favourable against YTD budget by \$113K from Council House and Elgin St.
- Citywide – YTD returned \$13K favourable to budget due to higher income taxes for the half.
- Cash Investments – YTD interest income was favourable by \$29K due to the timing of the payment of \$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
05/11/2021	SA-2020-6	91-93 Millswyn Street	SOUTH YARRA	\$175,000.00
20/12/2021	SA-2017-78	43 Provost Street	NORTH MELBOURNE	\$88,000.00
			<b>Total</b>	<b>\$1,420,000.00</b>

## 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 Oct to Dec 2021 quarter, there were three supplementary valuation returns; the total of these returns are as follows:

Return Date	NAV Change	Total Rate Change	New Rates	Exemptions	Objections
01-Sep-21	\$24,509,350	\$1,383,117.14	\$1,236,211.48	-\$43,186.66	\$190,092.32
02-Nov-21	\$13,020,004	\$18,860.41	\$417,816.92	-\$225,144.44	-\$173,812.07
16-Nov-21	\$22,638,950	\$603,576.99	\$636,587.71	-\$14,724.48	-\$18,286.24
<b>Total</b>	<b>\$60,168,304</b>	<b>\$2,005,554.54</b>	<b>\$2,290,616.11</b>	<b>-\$283,055.58</b>	<b>-\$2,005.99</b>

The 2021-22 budget for new rates is \$9.5 million. The year to date actual for new rates is \$6.7 million.

## Overview of supplementary valuation returns

Category	Address	Effective Date	Rates 2021-22	Rates Previous Years	Total Rates	NAV Change	Comments
<b>1 Sep 21 Return (processed in Oct 2021)</b>							
<b>EXEMPTIONS</b>	Mezzanine & Pt Lvl 3 & Lvl 4 206 Bourke Street MELBOURNE	01-Jul-21	(\$35,329.75)	\$0.00	(\$35,329.75)	\$0	Occupied by Holmesglen TAFE
	601-603 Elizabeth Street MELBOURNE	01-Jul-21	(\$7,856.91)	\$0.00	(\$7,856.91)	(\$250)	Change of use to church
	Balance of smaller Exemptions		\$0.00	\$0.00	\$0.00	\$0	
	<b>TOTAL</b>		<b>(\$43,186.66)</b>	<b>\$0.00</b>	<b>(\$43,186.66)</b>	<b>(\$250)</b>	
<b>OBJECTIONS</b>	242 Exhibition Street MELBOURNE	16-Dec-19	\$0.00	\$210,600.33	\$210,600.33	\$0	Correction to rates
	309-325 Bourke Street MELBOURNE	01-Jul-20	\$0.00	(\$20,508.01)	(\$20,508.01)	\$0	VGW approved objection
	Balance of smaller Objections		\$0.00	\$0.00	\$0.00	\$0	
	<b>TOTAL</b>		<b>\$0.00</b>	<b>\$190,092.32</b>	<b>\$190,092.32</b>	<b>\$0</b>	
<b>NEW RATES</b>	114-152 Grattan Street CARLTON	02-Sep-21	\$564,656.81	\$0.00	\$564,656.81	\$10,037,500	Construction of a multiple buildings development
	9-27 Downie Street MELBOURNE	02-Sep-21	\$136,952.57	\$0.00	\$136,952.57	\$3,455,000	Construction of a hotel
	589-599 Little Collins Street MELBOURNE	02-Sep-21	\$129,331.98	\$0.00	\$129,331.98	\$3,262,750	Construction of a hotel
	183-189 A'Beckett Street MELBOURNE	02-Sep-21	\$86,042.74	\$0.00	\$86,042.74	\$2,592,500	Construction of a student accommodation
	146W Toorak Road SOUTH YARRA	02-Sep-21	\$78,668.07	\$0.00	\$78,668.07	\$2,253,750	Construction of 9 unit residential building
	247-283 Queen Street MELBOURNE	02-Sep-21	\$73,538.78	\$0.00	\$73,538.78	\$0	Previously exempt, now rateable
	309-325 Bourke Street MELBOURNE	01-Jul-21	(\$101,883.54)	\$0.00	(\$101,883.54)	(\$2,126,650)	The Walk Arcade redevelopment
	Balance of smaller Supps		\$191,587.11	\$77,316.96	\$268,904.07	\$5,034,750	
<b>TOTAL</b>		<b>\$1,158,894.52</b>	<b>\$77,316.96</b>	<b>\$1,236,211.48</b>	<b>\$24,509,600</b>		
<b>TOTAL</b>		<b>\$1,115,707.86</b>	<b>\$267,409.28</b>	<b>\$1,383,117.14</b>	<b>\$24,509,350</b>		

Category	Address	Effective Date	Rates 2021-22	Rates Previous Years	Total Rates	NAV Change	Comments
<b>2 Nov 21 Return (processed in Dec 2021)</b>							
<b>EXEMPTIONS</b>	132-140 Franklin Street MELBOURNE	05-Dec-19	(\$33,415.83)	(\$47,884.92)	(\$81,300.75)	\$0	Occupied by charitable body
	174-178 Victoria Parade EAST MELBOURNE	03-May-21	(\$120,407.18)	(\$20,957.27)	(\$141,364.45)	\$609,200	Adjustments to the exempt area occupied by Australian Catholic University
	Balance of smaller Exemptions		(\$2,479.24)	\$0.00	(\$2,479.24)	\$166,250	
	<b>TOTAL</b>		<b>(\$156,302.25)</b>	<b>(\$68,842.19)</b>	<b>(\$225,144.44)</b>	<b>\$775,450</b>	
<b>OBJECTIONS</b>	10-16 Queen Street MELBOURNE	01-Jul-20	\$0.00	(\$128,023.61)	(\$128,023.61)	\$0	VGV approved objection
	150 Lonsdale Street MELBOURNE	01-Jul-20	\$0.00	(\$36,099.98)	(\$36,099.98)	\$0	VGV approved objection
	Balance of smaller Objections		\$0.00	(\$9,688.48)	(\$9,688.48)	\$0	
	<b>TOTAL</b>		<b>\$0.00</b>	<b>(\$173,812.07)</b>	<b>(\$173,812.07)</b>	<b>\$0</b>	
<b>NEW RATES</b>	93-105 South Wharf Drive DOCKLANDS	02-Nov-21	\$326,453.46	\$0.00	\$326,453.46	\$11,719,750	Construction of a 310 unit residential building
	Level 2-4 236 Bourke Street MELBOURNE	02-Nov-21	\$86,229.94	\$0.00	\$86,229.94	\$0	Monash University vacated premises
	481-491 Victoria Street WEST MELBOURNE	02-Nov-21	\$25,829.99	\$0.00	\$25,829.99	\$953,000	Construction of a 28 unit building
	562-574 Bourke Street MELBOURNE	02-Nov-21	\$17,413.62	\$0.00	\$17,413.62	\$580,500	Correction to valuations
	Balance of smaller Supps		(\$35,932.24)	(\$2,177.85)	(\$38,110.09)	(\$1,008,696)	
	<b>TOTAL</b>		<b>\$419,994.77</b>	<b>(\$2,177.85)</b>	<b>\$417,816.92</b>	<b>\$12,244,554</b>	
<b>TOTAL</b>			<b>\$263,692.52</b>	<b>(\$244,832.11)</b>	<b>\$18,860.41</b>	<b>\$13,020,004</b>	

Category	Address	Effective Date	Rates 2021-22	Rates Previous Years	Total Rates	NAV Change	Comments
<b>16 Nov 21 Return (processed in Dec 2021)</b>							
<b>EXEMPTIONS</b>	Level 1 234 Flinders Lane MELBOURNE	05-Dec-19	(\$8,015.01)	\$0.00	(\$8,015.01)	\$0	Owned and occupied by charitable body
	Ground 570 Victoria Street NORTH MELBOURNE	01-Jul-21	(\$4,144.04)	\$0.00	(\$4,144.04)	\$0	Assessment now exempt, charitable occupier
	1 Willam Street PARKVILLE	01-Jul-21	(\$2,175.02)	(\$390.41)	(\$2,565.43)	(\$1,550)	Change to exempt area
	Balance of smaller Exemptions		\$0.00	\$0.00	\$0.00	\$59,000	
	<b>TOTAL</b>		<b>(\$14,334.07)</b>	<b>(\$390.41)</b>	<b>(\$14,724.48)</b>	<b>\$57,450</b>	
<b>OBJECTIONS</b>	370-384 William Street MELBOURNE	01-Jul-20	\$0.00	(\$9,993.18)	(\$9,993.18)	\$0	VGW approved objection
	150 Lonsdale Street MELBOURNE	01-Jul-20	\$0.00	(\$8,293.06)	(\$8,293.06)	\$0	VGW approved objection
	Balance of smaller Objections		\$0.00	\$0.00	\$0.00	\$0	
	<b>TOTAL</b>		<b>\$0.00</b>	<b>(\$18,286.24)</b>	<b>(\$18,286.24)</b>	<b>\$0</b>	
<b>NEW RATES</b>	West Side Place 244-276 Spencer Street MELBOURNE	01-Jul-21	\$307,077.80	\$0.00	\$307,077.80	\$10,573,250	Stage 7 subdivision - 113 residential units, retail, office & hotel
	1000 La Trobe Street MELBOURNE	01-Jul-21	\$267,665.93	\$0.00	\$267,665.93	\$9,004,000	Construction of a commercial building
	452-468 Queen Street MELBOURNE	16-Nov-21	\$24,210.01	\$0.00	\$24,210.01	\$2,311,500	Re-subdividing Lot A into 9 lots
	371 Little Lonsdale Street MELBOURNE	16-Nov-21	\$9,970.01	\$0.00	\$9,970.01	\$380,000	Consolidation of 185 accessory properties
	Balance of smaller Objections		\$28,241.22	(\$577.26)	\$27,663.96	\$312,750	
	<b>TOTAL</b>		<b>\$637,164.97</b>	<b>(\$577.26)</b>	<b>\$636,587.71</b>	<b>\$22,581,500</b>	
<b>TOTAL</b>		<b>\$622,830.90</b>	<b>(\$19,253.91)</b>	<b>\$603,576.99</b>	<b>\$22,638,950</b>		